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**UTAH SCHOOL AND INSTITUTIONAL TRUST LANDS ADMINISTRATION
BOARD OF TRUSTEES**

EOG RESOURCES, INC.,
Petitioner,

v.

UTAH SCHOOL AND
INSTITUTIONAL TRUST LANDS
ADMINISTRATION, OFFICE OF THE
DIRECTOR,
Respondent.

**EOG RESOURCES, INC.'S PETITION
FOR REVIEW**

Pursuant to Utah Code Ann. § 53C-1-304 and Utah Admin. Code R850-8-1000, EOG Resources, Inc. ("EOG"), through undersigned counsel, Holland & Hart LLP, hereby respectfully and timely submits this Petition for Review of final agency action to appeal the April 23, 2018 Audit Report ("Audit Report") of the Utah School and Institutional Trust Lands Administration ("SITLA"). In the Audit Report, SITLA alleges that EOG owes additional royalties in the amount of \$2,200,000 for the audit period January 1, 2007 through December 31, 2017 ("Audit Period"). A copy of the Audit Report is attached as Exhibit A.

For the reasons set forth below, EOG respectfully requests that the School and Institutional Trust Lands Administration Board of Trustees (the "Board") reverse SITLA's Audit

Report findings and assessment in full, and remand to SITLA with instructions to issue a refund of overpaid royalties in the amount of \$743,000. In the alternative, EOG requests the Board remand the Audit Report for further consideration and/or correction. Finally, and pursuant to Utah Admin. Code R850-8-700, EOG respectfully reiterates its request for a good faith settlement conference with the Board or its designee so that EOG and SITLA can clarify the outstanding issues and resolve this matter amicably for all parties. For the reasons shown below, EOG reserves the right to supplement this Petition for Review as audit information is clarified through settlement discussions.

STANDARD OF REVIEW

“The board shall uphold the decision of the director or the administration unless it finds, by a preponderance of the evidence, that the decision violated applicable law, policy, or rules.” Utah Code Ann. § 53C-1-304 (4)(a).

RELEVANT FACTUAL AND PROCEDURAL HISTORY

Audit History and Findings

1. On April 23, 2018, EOG received SITLA’s Audit Report covering periods from January 1, 2007 through December 31, 2017. The Audit Report alleges that additional royalties are due in the amount of \$2,200,000.
2. The Audit Report concludes that the underpaid amounts were due to “excessive transportation charges and deductions for fuel.” Exhibit A at 2.
3. EOG’s royalty obligation is governed by the following excerpt from its leases:

“SECTION 4. ROYALTIES”
 (b) Gas – Lessee agrees to pay to Lessor a royalty of twelve and one-half (12½) percent of the reasonable market value at the well of all gas produced and saved or sold from the leased premises. Where gas is sold under a contract, and such contract has been approved in while or conditionally be the Lessor, the

reasonable market value of such gas for the purpose of determining the royalties payable hereunder, shall be the price at which the production is sold, provided that in no event shall the price for gas be less than that received by the United States of America for its royalties from gas of like grade and quality from the same field...

4. Relying on *Enron Oil & Gas Company v. Utah Division of State Lands & Forestry*, 871 P. 2d 508, 511 (Utah 1994), SITLA contends that the Utah Supreme Court has interpreted this lease language to require state oil, gas and hydrocarbon lessees to pay royalties on the same basis as lessees of federal lands. Therefore, SITLA uses the rules and regulations of the United States Office of Natural Resources Revenue (“ONRR”) to calculate the value of royalties owed.

5. In the “Royalty Analysis” section, the Audit Report states the following:

In calculating royalties payable to SITLA, EOG deducts from its gross sales charges for transportation that are nondeductible gathering charges, passes some of this charge and others onto liquids transportation to avoid the 50% limit, often takes greater than the allowed 2/3 maximum processing deduction on gas processed through the Chapita plant, and converts costs for fuel into a transportation charge thereby taking the deduction twice.

Exhibit A at 3.

6. Unfortunately, SITLA did not provide any detail or schedules documenting the calculations and assertions upon which the Audit Report is based. Instead, it appears that SITLA’s entire audit findings rely on an extrapolation of a selection of sample months from the audit period, resulting in inaccurate and incomplete audit findings.

7. EOG was also audited in 2012 for the periods January 1, 2007 through December 31, 2011. A copy of the August 1, 2012 Audit Report (“2012 Audit”) is attached as Exhibit B.

8. In the 2012 Audit, SITLA asserts the same allegations made in the April 23, 2018 audit findings, specifically that “EOG deducts from its gross sales charges for transportation and from the transported volume, deductions for fuel used to compress the gas and for other functions

before it enters either the Red Wash or Chipeta plants under its 476PO contract with Questar Gas Management.” Exhibit B at 3.

ARGUMENTS

The “Federal Floor” Lease Provision

9. Section 4(b) of EOG’s leases provides that “in no event shall the price for gas be less than that received by the United States of America for its royalties from gas of like grade and quality from the same field.”

10. Under *Enron Oil & Gas Company*, 871 P. 2d 508, SITLA contends that EOG must pay SITLA royalties on the same basis as it pays the United States. The *Enron* decision addressed whether the total price paid the United States includes the base price plus tax reimbursements. *Id.* at 511. The case does not address the effect of the “federal floor” provision on the ability to deduct post-production costs. *See id.* The *Enron* dissenting opinion explained:

Enron’s lease agreement with the state merely stipulates that the price received for production under approved natural gas purchase agreements shall not be less than the price received for production on federal leases. It certainly does not require that all elements of royalty valuation be the same for state leases as for federal leases.

Id. at 515 (Durham, J. dissenting). In other words, the *Enron* decision, consistent with the lease language, addresses the “price” to be used for royalty calculation; it does not mandate use of ONRR’s regulations on allowed deductions.

11. Accordingly, EOG disagrees with SITLA’s attempt to apply all aspects of federal royalty valuation to state leases.

EOG's Expert Analysis

12. Based on the correspondence between EOG and SITLA, it appears that SITLA's April 23, 2018 Audit Report selected a subset of sample months for review, and then extrapolated the findings across the entire audit period.

13. In response to SITLA's Audit Report, EOG retained Ryan LLC ("Ryan") to analyze EOG's royalty payments for all production months from 2007 through 2017.¹ Ryan examined EOG's 2007 revenue, third party charges for transportation, processing, and fuel, etc., and the total royalties paid to SITLA. A reconciliation of the revenue, fees incurred, and royalties paid for the production month of April 2007 is attached as Exhibit D.

14. Upon review, Ryan found no evidence to support SITLA's assertion that EOG improperly took nondeductible gathering charges. On the contrary, the review determined that EOG actually incurred charges for transportation, processing, and fuel, etc., which should have been deducted, but were not. These allowable charges should have been deducted from gross sales to arrive at the gross proceeds upon which royalties were based. See Exhibit D.

15. Ryan also analyzed the data underlying the August 1, 2012 Audit Report. As with the April 23, 2018 Audit Report, Ryan found no basis for SITLA's assertions. Ryan's sample reconciliation verified that no improper fees were deducted in arriving at the gross proceeds reported on the royalty returns submitted to SITLA.

Misapplication of ONRR Regulations and Guidance

16. SITLA's interpretation and application of ONRR regulations and guidance to EOG's royalties is inconsistent with ONRR's interpretation and application of its regulations and guidance to federal leases. In other words, SITLA has misconstrued ONRR's regulations.

¹ Ryan is authorized to receive copies of all reports, data, filings, and notices in this matter. See Exhibit C.

17. SITLA's errors are demonstrated, in part, by its continued reliance on outdated sections of the Code of Federal Regulations. For example, in its August 8, 2018 response letter (attached as Exhibit E), SITLA cites to the regulations in 30 C.F.R. Part 206; however, in 2010, ONRR's production valuation regulations were recodified in 30 C.F.R. Part 1206. *See* 75 Fed. Reg. 61,051 (Oct. 4, 2010). Moreover, SITLA's reliance on the ONRR Payor Handbook (2000) and the article by Mr. Heath (2004) is in error, because ONRR revised its transportation allowance regulations in 2005. The regulations apply, not guidance or other views written when the regulations were different. Other substantive errors are discussed below.

Royalty Measurement Point Error and Gathering Charges

18. SITLA's Audit Report errs in its identification of the Royalty Measurement Point (also commonly referred to as the Facility Measurement Point) (the "RMP" or "FMP"), as a basis for allowing or disallowing gathering charges.

19. In its August 8, 2018 letter response (Exhibit E at 1), SITLA states:

In your response dated July 23, 2018 on Issue 1, it is true that SITLA has in effect used the tailgate of the processing plant as the royalty measurement point. The reason for this is two-fold. First, EOG by calculating its royalty obligation to SITLA based on the amount of residue gas and liquids volume at the tailgate of the plant made this determination first. I believe this to be a necessary decision on EOG's part as ONRR regulations state that "In situations where gas is processed, royalty is due on the net output (quantity) of residue gas and gas plant products measured at the tailgate of the plant and attributable to the lease (30 CFR 206.154(b)(1) and 30 CFR 206.174(b) (Section 2.4 Quantities and Qualities. ONRR Payor Handbook).

20. SITLA's response shows that it has misapplied the ONRR guidelines. SITLA confuses two distinct and unrelated issues—(i) the requirement to measure processed gas at the tailgate of the plant, and (ii) the location of the royalty measurement point.

21. Regarding point (i), EOG agrees that 30 C.F.R. § 1206.154(b)(1) dictates that “[f]or residue gas and gas plant products, the quantity basis for computing royalties due is the monthly net output of the plant even though residue gas and/or gas plant products may be in temporary storage.” However, this mandate has no bearing on the location of the facility/royalty measurement point.

22. To the contrary, the FMP is governed by the U.S. Bureau of Land Management (“BLM”), not ONRR. The applicable BLM regulation (43 C.F.R. § 3170.3) provides:

Facility measurement point (FMP) means a BLM-approved point where oil or gas produced from a Federal or Indian lease, unit PA, or CA is measured and the measurement affects the calculation of the volume or quality of production on which royalty is owed. FMP includes, but is not limited to, the approved point of royalty measurement and measurement points relevant to determining the allocation of production to Federal or Indian leases, unit PAs, or CAs. However, allocation facilities that are part of a commingling and allocation approval under § 3173.15 or that are part of a commingling and allocation approval approved after July 9, 2013, are not FMPs. An FMP also includes a meter or measurement facility used in the determination of the volume or quality of royalty-bearing oil or gas produced before BLM approval of an FMP under § 3173.12. **An FMP must be located on the lease, unit, or communitized area unless the BLM approves measurement off the lease, unit, or CA. The BLM will not approve a gas processing plant tailgate meter located off the lease, unit, or CA, as an FMP.** (emphasis added).

23. In further support of this point, EOG has attached several sample site security schematics and accompanying satellite images showing the GPS coordinates of the BLM FMP’s (*see Exhibit F*), as well as a cross reference spreadsheet indicating the BLM FMP coordinates associated with each individual meter (*Exhibit G*).

24. SITLA’s August 8, 2018 response further misconstrues ONRR guidelines and settled judicial precedent by stating:

Second, the royalty measurement point is not the only determination relevant to where gathering ends and transportation begins. SITLA’s longstanding position, based on guidance provided by the Assistant Solicitor for Royalty and Offshore

Minerals in the Office of the U.S Department of the Interior and judicial precedent - is that gas produced from multiple wells is not marketable or usable until it has been accumulated for treatment and ultimate transport. This requirement is not possible until after EOG has its gas processed through the Ironhorse/Stagecoach or Chipeta plants.

...
Accumulation, as stated above, is therefore part of the gathering process and not transportation. All of the conditioning operations; gathering, compression, dehydration, and sweetening - are necessary to prepare gas for entry into a pipeline and, therefore, to make it marketable.

Exhibit E at 1.

25. Federal regulations define “marketable” condition to be “lease products which are sufficiently free from impurities and otherwise in a condition that they will be accepted by a purchaser under a sales contract typical for the field or area.” 30 C.F.R. § 1206.151.

26. SITLA’s position, as stated in Exhibit E, is wrong for several reasons. First, the location of the FMP is not relevant to a determination of whether certain transportation is deemed gathering or transportation for purposes of determining a transportation allowance. ONRR’s regulations define “gathering” as the “movement of lease production to a central accumulation and/or treatment point on the lease, unit or communitized area, or to a central accumulation or treatment point off the lease, unit or communitized area as approved by BLM or BSEE OCS operations personnel for onshore and OCS leases respectively.” 30 C.F.R. § 1206.151. Therefore, unless BLM has approved off-lease, central accumulation, the presumption is that off-lease or off-unit transportation is not “gathering” and, therefore it is deductible transportation. In any event, Exhibits F and G clearly demonstrate that the FMP for each well is at the lease and SITLA’s distinction is misplaced.

27. Second, since 2005, ONRR’s regulations have defined a “transportation allowance” within the term “allowance” as “an allowance for the reasonable, actual costs of moving

unprocessed gas, residue gas, or gas plant products to a point of sale or delivery off the lease, unit area, or communitized area, or away from a processing plant.” 30 CFR 1206.151. This definition refutes SITLA’s position that the cost of moving the unprocessed gas from the wells to the plant – i.e., off the leases – is not deductible.

28. Third, 30 C.F.R. § 1206.151 does not require that gas must first be processed to be in “marketable condition.” Rather, the regulation simply requires the product to be free from impurities and otherwise in a condition that will be accepted by a purchaser under a sales contract typical for the field or area. Indeed, the fact that ONRR’s regulations have *always* allowed deduction of processing costs to extract natural gas liquids by itself demonstrates that SITLA has misread ONRR’s regulations. See 30 C.F.R. § 1206.153(a)(1) and .158(a) (“a deduction *shall be allowed* for the reasonable actual costs of processing”) (emphasis added).

29. Fourth, not all compression, dehydration, or treatment is performed to make gas marketable. Rather, some compression, dehydration, and treatment are necessary for transportation. For example, in *Exxon Corp.*, 118 IBLA 221, 240-41 (1991), the Interior Board of Land Appeals (“IBLA”) explained:

We believe it important that [ONRR] consider the purpose of dehydration in determining whether an allowance is proper. In the instant case, dehydration at the central dehydration facility serves only one purpose: transportation.

30. Similarly, in *Burlington Resources Oil & Gas Co. v. United States Department of Interior*, 183 ILBA 333, 355 (2013), the IBLA held:

However, a lessee is permitted to deduct from gross proceeds the reasonable actual costs it incurred to transport the gas to a point of sale outside the lease. See 30 C.F.R. §§ 206.152(a) and (b)(1)(i), 206.156(a), and 206.157(a)(1)(i). Such a transportation allowance may include certain costs, including “[s]upplemental costs for compression, dehydration, and treatment of gas,” but “only if such services are required for transportation and exceed the services necessary to place production into marketable condition.”

31. Accordingly, SITLA is wrong to conclude that *all* gas must be compressed, dehydrated, and sweetened to be placed in marketable condition. The processes can be, and often are, recognized by ONRR as part of transportation.

Lack of a Reasonable Proxy

32. The 2012 Audit also states that 65% of transportation should be non-deductible, based on ONRR's unbundling of the Manzanares system. See Exhibit C. There is no reasonable correlation between the Manzanares gathering system in New Mexico, which is designed to handle coalbed methane produced in the San Juan basin, and the Uintah Basin natural gas system at issue in this matter. Accordingly, the Manzanares system is not a reasonable proxy for EOG's gas at issue in SITLA's audit.

Transportation Subject to Cap

33. In the Audit Report, in the section titled "Issue #2", SITLA relies on ONRR's regulations to find that EOG's transportation costs cannot exceed 50% of gas value. However, SITLA does not acknowledge ONRR's regulation, 30 C.F.R. § 1206.109(c)(2), allowing exceptions to exceed this limit:

You may ask ONRR to approve a transportation allowance in excess of the limitation in paragraph (c)(1) of this section. You must demonstrate that the transportation costs incurred were reasonable, actual, and necessary. Your application for exception (using form ONRR-4393, Request to Exceed Regulatory Allowance Limitation) must contain all relevant and supporting documentation necessary for ONRR to make a determination. You may never reduce the royalty value of any production to zero.

34. Accordingly, EOG disagrees with Issue #2 in its entirety. EOG's arm's-length transportation costs were reasonable, actual, and necessary. SITLA apparently claims that EOG should account for the production differently, and if it does, the 50% limit will in some months

be exceeded. However, if accounting for the production differently may sometimes trigger the 50% limit, EOG should be allowed to exceed the limit under ONRR's regulations. Thus, EOG respectfully request Issue #2 be removed from the assessment.

Processing Subject to Cap

35. The Audit Report "Issue #3" states that processing costs cannot exceed 66 $\frac{2}{3}$ % of value. As with Issue #2 above, SITLA selectively interprets the rules with no regard for the next section that grants an exception in certain circumstances. SITLA relies on 30 C.F.R. § 1206.158 (c)(2), which reads as follows:

Except as provided in paragraph (c)(3) of this section, the processing allowance deduction on the basis of an individual product shall not exceed 66 $\frac{2}{3}$ percent of the value of each gas plant product determined in accordance with § 1206.153 of this subpart (such value to be reduced first for any transportation allowances related to postprocessing transportation authorized by § 1206.156 of this subpart).

36. The stated exception in "(c)(3)" provides that ONRR may allow a deduction in excess of the general cap if the costs are reasonable, actual, and necessary.

Upon request of a lessee, ONRR may approve a processing allowance in excess of the limitation prescribed by paragraph (c)(2) of this section. The lessee must demonstrate that the processing costs incurred in excess of the limitation prescribed in paragraph (c)(2) of this section were reasonable, actual, and necessary. An application for exception (using form ONRR-4393, Request to Exceed Regulatory Allowance Limitation) shall contain all relevant and supporting documentation for ONRR to make a determination. Under no circumstances shall the value for royalty purposes of any gas plant product be reduced to zero.

37. SITLA does not claim that EOG exceeded the processing allowance limit, but instead suggests that EOG "does not check" to see if the amount paid in processing fees is greater than 2/3 liquids sales proceeds." Exhibit A at 4. There is no foundation for SITLA's suggestion, and SITLA provides no schedules or other documentation supporting any claim of underpaid royalty

related to the 2/3 processing cost limitation. And even if it did, EOG would be entitled to seek an exception to that limitation.

38. Accordingly, EOG disagrees with Issue #3 in its entirety. EOG's arm's-length processing costs were reasonable, actual, and necessary.

Fuel Charges

39. In Issue # 4, SITLA incorrectly claims that EOG owes additional royalty on fuel used in the field for gas lift injection or to transport the gas from the wells to the plant. Exhibit A at 4.

40. First, as discussed above, the cost of moving the gas from the wells to the plant is a deductible transportation cost. Accordingly, gas used as fuel in that process qualifies as deductible transportation.

41. Second, gas used on the leases or units is royalty-free under the federal statutes, regulations, and BLM's Notice to Lessees 4-A, regardless of the purpose of the use.

42. As the Interior Board of Land Appeals has held, "no royalty is payable on oil or gas . . . used in lease or producing operations on the leasehold premises, or beneficially used for purposes of production on the leasehold." *Plains Expl. & Prod. Co.*, 178 IBLA 327, 333 (2010).

43. BLM's NTL-4A provides:

No royalty obligation shall accrue on any produced gas which (1) is used on the same lease, same communitized tract, or same unitized participating area for beneficial purposes . . .

"Beneficial purposes" shall mean that oil or gas which is produced from a lease, communitized tract, or unitized participating area and which is used on or for the benefit of that same lease, same communitized tract, or same unitized participating area for operating or producing purposes . . .

NTL-4A, Section I. at 1, Section II.B. at 2. Gas lift and making gas marketable are specifically listed as beneficial purposes that are exempt from royalty. *Id.*

Statute of Limitations

44. As noted above, SITLA did not provide any detail or schedules documenting the calculations producing its claimed \$2.2 million estimate of additional royalties owed. Until SITLA discloses the basis for its calculations, EOG cannot specifically identify those amounts sought to be collected which are time-barred under the applicable statutes of limitations or repose.

45. For example, any amounts sought to be recovered which accrued more than six years ago would be subject to the limitations in Utah Code Ann. § 78B-2-309, and, in any event, SITLA's right to recover any amount that accrued more than seven years ago would be absolutely barred by the statute of repose contained in Utah Code Ann. § 78B-2-201. *See Garfield County, Utah, v. United States*, 2017 UT 41, ¶ 18 (Utah 2017) (Section 201 is a statute of repose).

CONCLUSION

For the foregoing reasons, EOG respectfully requests the Board to reverse the Audit Report in full and grant a refund of overpaid royalties in the amount of \$743,000, or, in the alternative, remand the Audit Report to SITLA for further consideration.

Respectfully submitted this 22nd day of August, 2018,

HOLLAND & HART LLP



Shawn T. Welch

Chelsea J. Davis

Attorneys for Petitioner EOG Resources, Inc.

EXHIBIT A

Utah School and Institutional Trust Lands Administration

Audit Report
EOG Resources

January 1, 2007 through December 31, 2017

Date: April 23, 2018

Auditor: Merritt Dunn

Scope

The scope and purpose of the audit was to verify that the Utah School and Institutional Trust Lands Administration (SITLA) was paid the correct amount of royalties for leased properties that are producing oil, gas and/or any other hydrocarbons during the time period July 1, 2007 through December 31, 2017. The review involved the verification of disposition volumes, the sales price, and that royalty was paid according to state ownership.

General Summary

SITLA has reviewed the royalty payments submitted by EOG to this agency. The audit determined that EOG has underpaid production royalties from SITLA leases within the Chapita Wells Unit, Stagecoach Unit and other state wells situated mostly in Uintah County, Utah. The underpaid amounts are due to excessive transportation charges and deductions for fuel.

Explanation of Findings

Your SITLA leases contain the following language relevant to the subject audit:

“SECTION 4. ROYALTIES”

(b) *Gas - Lessee agrees to pay to Lessor a royalty of twelve and one-half (12½) percent of the reasonable market value at the well of all gas produced and saved or sold from the leased premises. Where gas is sold under a contract, and such contract has been approved in whole or conditionally by the Lessor, the reasonable market value of such gas for the purpose of determining the royalties payable hereunder, shall be the price at which the production is sold, provided that in no event shall the price for gas be less than that received by the United States of America for its royalties from gas of like grade and quality from the same field...*

The Utah Supreme Court has interpreted this lease language as requiring state oil, gas & hydrocarbon lessees to pay royalties on the same basis as lessees of federal lands as ruled in; Enron Oil & Gas Company v. Utah Division of State Lands & Forestry, 871 P. 2d 508, 511 (Utah 1994). (State Lands & Forestry was out predecessor agency).) Therefore SITLA looks to ONNR rules and regulations to calculate the value of royalties owed to this agency.

Royalty Analysis

In calculating royalties payable to SITLA, EOG deducts from its gross sales charges for transportation that are nondeductible gathering charges, passes some of this charge and others onto liquids transportation to avoid the 50% limit, often takes greater than the allowed 2/3 maximum processing deduction on gas processed through the Chapita plant, and converts costs for fuel into a transportation charge thereby taking the deduction twice.

Issue 1

Non-deductible gathering charge - EOG 476PI contract with QEP Field Services.

ONRR rules at CFR title 30, **1206.154 Determination of quantities and qualities for computing royalties.**

... (b)(1) For residue gas and gas plant products, the quantity basis for computing royalties due is the monthly net output of the plant even though residue gas and/or gas plant products may be in temporary storage.

EOG rightfully begins its royalty calculation using the net output of the Ironhorse/Stagecoach plant, and since ONRR rules state that *Gathering* means the movement of [lease](#) production to a central accumulation or treatment point on the [lease](#), unit, or communitized [area](#); or a central accumulation or treatment point off the [lease](#), unit, or communitized [area](#) as approved by [BLM](#) operations personnel, the Ironhorse/Stagecoach plant is the central accumulation and treatment point and the first point where production is identifiable and measurable, a requirement that has to be met before a transportation allowance is allowed. EOG's fees paid to QEP under contract 476PI are not transportation, but gathering. This determination complies with ONRR's rules stated in its Payor Handbook on page 212;

Is the pipeline segment upstream of the central accumulation and/or treatment point? If the answer is "yes," the pipeline is a gathering line, and no deductions for transportation are permitted.

Issue 2

Transportation deductions above the 50% limit.

Some months EOG's transportation deductions exceed ONRR's requirement that transportation deductions for both gas and liquids be no more than 50% of the sales price. EOG has been getting around this rule by passing excess gas transportation costs into its T9 calculation.

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Issue 3

Greater than the allowed 2/3 maximum processing deduction on gas processed through the Chapita plant

Although only a small fraction of EOG's gas is processed through the Chapita plant, it appears EOG does not check to see if the amount paid in processing fees is greater than 2/3 of liquids sales proceeds.

Issue 4

Fuel Charges

After gas is processed through the Ironhorse/Stagecoach plant, residue gas is sent through Questar pipeline to be sold downstream. Gross proceeds are determined by the gas volume delivered, not receipted into the pipeline. The difference between receipt and delivered is fuel used along the pipeline, but since EOG does not use the receipt volume when determining gross sales it cannot convert fuel use into a transportation deduction. Doing so results in EOG taking this allowance twice.

EOG, in its gross up methodology to account for gas taken in kind, converts fuel used in the field into a transportation allowance. The problem with this is two-fold. First this is a marketable condition cost and second, since EOG's royalty measurement point is the tailgate of the plant, fuel used before that point would be considered gathering. This would also be the case for any other fuel used in the field like gas lift injection.

Issue 5

Missing production PEN 4905.

Spreadsheets provided by EOG show that a working interest partner takes production from wells included in PEN 4905 as take-in-kind, but SITLA does not receive payment for royalties on this PEN from any other than EOG. EOG, as the lease holder, needs to pay 100% of royalties due if their partner does not submit royalty payments for their share.

Conclusion

Due to the complex methodology EOG uses to calculate royalties, including steps to gross up sales proceeds before taking deductions to account for take-in-kind partners; having to allocate residue gas and liquids volumes back to wellhead volumes and passing excess transportation costs into its T9 calculation, SITLA is unable to recalculate exactly how much in additional royalties are due from the issues listed above. The best estimate we have been able to come up with is \$2.2 million. How we arrived at that number can be discussed outside of this letter.

If EOG agrees with our findings, they have the option to pay the \$2.2 million within 45 days of receiving this letter closing out EOG's royalty obligations for the time

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period January 1, 2007 through December 31, 2017 or amend their royalty reports back to 2007 correcting the errors listed above in above in a timely manner. The reason for going back to 2007 is because the last SITLA royalty audit conducted in 2012 was never closed out. At that time EOG was assessed additional royalties owing in the amount of \$820,120 due to Issue 1 listed above. Upon receipt of that letter demanding payment, EOG asked to amend is royalty reports instead, asking for permission to go back further than the 2 years provided in our rules. Permission was granted on the understanding EOG would no longer take a transportation deduction for the Contract 476PI with QEP Field Services.

If EOG now opts to amend its reports, complete documentation, including sales invoices, gas plant statements, and any other information SITLA requires to be satisfied it is being paid properly would need to be provided

If EOG does not agree with our assessment, submit evidence in writing to support your position or schedule a meeting with us to discuss your position within 45 days of receipt of this letter. After your response has been reviewed, we will issue our final assessment. If you do not request a conference or provide information to support any disagreements with this notice, the amount stated above, or an agreement to amend reports needs to completed within 45 days from the date you receive this notice.

Section R850-5-300 of the *Rules Governing the Management and Use of School and Institutional Trust Lands in Utah* was used to determine proper interest rates and methods for the interest calculation. A copy of the applicable section of our *Rules Governing* can be provided to you if necessary or found on our website www.utahtrustlands.com.

If you have any questions, please call Merritt Dunn (801) 538-5130 or Ron Carlson (801) 538-5131.

EXHIBIT B

Utah School and Institutional Trust Lands Administration

Audit Report
EOG Resources

January 1, 2007 through December 31, 2011

Date: August 1, 2012

Auditor: Merritt Dunn

Scope

The scope and purpose of the audit was to verify that the Utah School and Institutional Trust Lands Administration (SITLA) was paid the correct amount of royalties for leased properties that are producing oil, gas and/or any other hydrocarbons during the time period July 1, 2007 through December 31, 2011. The review involved the verification of disposition volumes, the sales price, and that royalty was paid according to state ownership.

General Summary

SITLA has reviewed the royalty payments submitted by EOG to this agency. The audit determined that EOG has underpaid production royalties from SITLA leases related to its Chapita Wells, Stagecoach and other state wells situated mostly in Uintah County, Utah. The underpaid amounts are due to excessive transportation charges and deductions for fuel. The audit identified that additional royalties are due SITLA in the amount of \$674,083 and interest assessed on this amount through July 2012, equals \$146,037. **The total outstanding amount is \$820,120.**

An explanation of how we arrived at the outstanding balance follows.

Explanation of Findings

Your SITLA leases contain the following language relevant to the subject audit:

“SECTION 4. ROYALTIES”

(b) *Gas - Lessee agrees to pay to Lessor a royalty of twelve and one-half (12½) percent of the reasonable market value at the well of all gas produced and saved or sold from the leased premises. Where gas is sold under a contract, and such contract has been approved in whole or conditionally by the Lessor, the reasonable market value of such gas for the purpose of determining the royalties payable hereunder, shall be the price at which the production is sold, provided that in no event shall the price for gas be less than that received by the United States of America for its royalties from gas of like grade and quality from the same field...*

The Utah Supreme Court has interpreted this lease language as requiring state oil, gas & hydrocarbon lessees to pay royalties on the same basis as lessees of federal lands as ruled in; Enron Oil & Gas Company v. Utah Division of State Lands & Forestry, 871

EOG Resources
Audit Report

P. 2d 508, 511 (Utah 1994). (State Lands & Forestry was out predecessor agency).)
Therefore SITLA looks to ONNR rules and regulations to calculate the value of royalties owed to this agency.

Royalty Analysis

In calculating royalties payable to SITLA, EOG deducts from its gross sales charges for transportation and from the transported volume, deductions for fuel used to compress the gas and for other functions before it enters either the Red Wash or Chipeta plants under its 476PO contract with Questar Gas Management.

On October 7, 2009 ONNR (still MMS at the time) issued *Guidance of Valuing Gas for Royalty Purposes – Manzanares Gas System, San Juan Basin, New Mexico*.

The purpose of the Manzanares Dear Reporter letter was to provide guidance to operators transporting gas on the Manzanares system on what costs could be considered proper transportation deductions and which part of their bundled fee were actually costs of placing production in “marketable condition”.

Then on October 6th, 2010, ONNR issued; *RE: Guidance on Valuing Gas for Royalty Purposes – Transportation Systems and Processing Plants – Onshore Federal Leases*.

The purpose of this Dear Reporter letter was to issue guidance to all payors being charged a bundled fee for gathering, compression, dehydration and treatment of gas by a third party who owns and operates the local gas gathering system - similar to the situation involving the Manzanares Gas System. (A pdf copy of this Dear Reporter letter is attached also.) ONNR has found in their reviews that such transportation systems’ fees often include costs that should be considered costs to place production in “marketable condition” and therefore are not deductible when calculating federal royalties. Often producers are found to be deducting the entire fee from their gross sales before determining royalty owing.

ONNR has now reviewed and audited a number of such transportation systems, but has not conducted an audit of the Questar operated gathering system that is the issue of this audit. Therefore SITLA would propose that this agency and EOG settle this audit by adhering to the same methodology ONNR has used to calculate proper transportation allowances in similar situations. We believe it would be in EOG’s best interest to settle now, to avoid further interest charges and as incentive, SITLA is willing not to claw back the value of any fuel use that EOG has not included in its gross value. In similar situations, ONNR has found much fuel deducted as fuel use has been determined to be royalty bearing.

Methodology used to Determine Amount of Additional Royalties Owning

As part of the audit, EOG provided SITLA with monthly *Chapita Residue* spreadsheets. Each of these spreadsheets has a tab titled *Valuation*. Near the bottom of each of the *Valuation* tables is a listing of all the transportation costs that went into Column Y, which is a calculation of total transportation costs that EOG deducted from its gross sales amount. By deleting the dollar amount that corresponded with contract QGM 476PO, we were able to recalculate what dollar figure would have been paid if these costs were not deducted. (For several months in 2007, deleting this amount did not cause column Y to recalculate so the average for the other months was used).

That amount of additional royalties owing was then multiplied by a factor of .65 since some of QGM476PO's fees may meet the requirement to be considered transportation costs. The .65 factor is the percentage of bundled costs that were found to be non-deductible in ONNR's review of the Manzanares system. We believe this factor to be reasonable in the present situation since much of contract 476PO's fees are for treatment and gathering of gas production before it reaches the Red Wash plant, where the proper quality and quantity of the gas should be determined.

Conclusion

Using these new allowances, EOG's royalty obligation to SITLA is an additional amount owing of \$674,803. Included with this letter are tables recalculating royalties owing. Interest in the amount of \$146,037 is also due for a total outstanding balance of \$820,120.

If you agree with the audit findings please submit payment for the amount above and your payment will close out EOG's royalty obligations for the time period January 1, 2007 through December 31, 2011.

If you do not agree with this assessment, submit evidence in writing to support your position or schedule a meeting with us to discuss your position within 60 days of receipt of this letter. After your response has been reviewed, we will issue our final assessment. If you do not request a conference or provide information to support any disagreements with this notice, the amount stated above is due within 60 days from the date you receive this notice.

If you have any questions, please call Merritt Dunn (801) 538-5130 or Ron Carlson (801) 538-5131.

Section R850-5-300 of the *Rules Governing the Management and Use of School and Institutional Trust Lands in Utah* was used to determine proper interest rates and methods for the interest calculation. A copy of the applicable section of our *Rules*

EOG Resources
Audit Report

Governing can be provided to you if necessary or found on our website
www.utahtrustlands.com.

EXHIBIT C



P.O. Box 4362 Houston, Texas 77210-4362 713.651.7000

LIMITED POWER OF ATTORNEY

THE STATE OF TEXAS

§

KNOW ALL MEN BY THESE PRESENTS

COUNTY OF HARRIS

§

§

THAT the undersigned, EOG Resources, Inc. ("EOG") does hereby make and grant a limited and specific power of attorney to Ryan, LLC ("Ryan") and does hereby appoint and constitute same as its attorney-in-fact to represent EOG before the School and Institutional Trust Lands Administration of the State of Utah with respect to the royalty matters and audit or reporting period(s) indicated below:

UTAH ROYALTIES FOR THE PERIOD JANUARY 1, 2007 THROUGH DECEMBER 31, 2017.

Ryan is authorized to receive and inspect confidential royalty information and to perform any and all acts that EOG can perform with respect to the matters described above. EOG hereby requests that a copy of all notices and other written communications pertaining to the royalty matters described above be sent to Ryan at the address below:

Attn: Jonathon Travis
Ryan
2800 Post Oak Blvd., Suite 4200
Houston, TX 77056

This limited power of attorney is valid from the date of execution below until revoked by written instrument.

EXECUTED this 19 day of July 2018.

EOG Resources, Inc.:

By: _____

Name: _____

JOSEPH LAWOR

Title: CONTROLLER - OPERATIONS ACCOUNTING

Telephone Number: 713-651-6546



EXHIBIT D

EOG Resources, Inc.
Utah Royalty Return Reconciliation
Summary By Commodity
April 2007

Sales Year	Sales Month	Product Code	EOG Revenue			EOG Royalty Return	
			Sum of Gross Value	Total Available 3rd Party Deducts	Total 3rd Party Deducts Claimed	Gross Proceeds (Royalty Return)	Royalty Refund Due
2007	4	GS	\$ 8,696,276.45	\$ 635,993.20	\$ -	\$ 8,696,276.45	\$ 11,751.18
2007	4	NGL	\$ 1,165,524.08	\$ 167,445.99	\$ -	\$ 1,165,524.10	\$ 3,142.22
			\$ 9,861,800.53	\$ 803,439.19	\$ -	\$ 9,861,800.55	\$ 14,893.39

EOG Resources, Inc.
Utah Royalty Return Reconciliation
April 2007

Source: EOG Revenue Data										
Revenue					<----- 3rd Party Deduction (Fees) ----->					
Utah Entity Number (PEN)	Sales Year	Sales Month	Product Code (Numerical)	Product Code	Sum of Gross Value	T1 (Residue Transportation)	T6 (NGL Transportation)	F1 (Fuel)	P1 (Processing)	Total Deducts Available
4905	2007	4	2	GS	\$ 1,817,694.84	\$ 113,664.76	\$ -	\$ 15,913.20	\$ -	\$ 129,577.96
4920	2007	4	2	GS	\$ 879,372.05	\$ 74,286.60	\$ -	\$ 10,474.82	\$ -	\$ 84,761.42
12521	2007	4	2	GS	\$ 104,665.10	\$ 8,453.16	\$ -	\$ 1,560.36	\$ -	\$ 10,013.52
12659	2007	4	2	GS	\$ 7,206.54	\$ 470.76	\$ -	\$ 65.81	\$ -	\$ 536.57
12744	2007	4	2	GS	\$ 21,230.51	\$ 2,265.70	\$ -	\$ 316.51	\$ -	\$ 2,582.21
12953	2007	4	2	GS	\$ 6,076.23	\$ 396.65	\$ -	\$ 55.49	\$ -	\$ 452.14
13141	2007	4	2	GS	\$ 11,333.79	\$ 737.95	\$ -	\$ 103.49	\$ -	\$ 841.44
13144	2007	4	2	GS	\$ 12,473.05	\$ 813.36	\$ -	\$ 113.89	\$ -	\$ 927.25
13163	2007	4	2	GS	\$ 5,915.65	\$ 389.41	\$ -	\$ 54.02	\$ -	\$ 443.43
13273	2007	4	2	GS	\$ 13,104.23	\$ 1,396.30	\$ -	\$ 195.36	\$ -	\$ 1,591.66
13650	2007	4	2	GS	\$ 5,160,522.60	\$ 303,578.14	\$ -	\$ 41,844.61	\$ -	\$ 345,422.75
13884	2007	4	2	GS	\$ 107,414.63	\$ 11,585.52	\$ -	\$ 1,601.36	\$ -	\$ 13,186.88
14026	2007	4	2	GS	\$ 9,887.05	\$ 642.89	\$ -	\$ 90.28	\$ -	\$ 733.17
14091	2007	4	2	GS	\$ 136,098.36	\$ 4,840.07	\$ -	\$ 669.39	\$ -	\$ 5,509.46
14335	2007	4	2	GS	\$ 15,931.74	\$ 1,041.30	\$ -	\$ 145.47	\$ -	\$ 1,186.77
15009	2007	4	2	GS	\$ 36,152.18	\$ 3,895.98	\$ -	\$ 538.96	\$ -	\$ 4,434.94
15010	2007	4	2	GS	\$ 76,114.53	\$ 8,215.96	\$ -	\$ 1,134.73	\$ -	\$ 9,350.69
15204	2007	4	2	GS	\$ 42,077.82	\$ 4,532.35	\$ -	\$ 627.31	\$ -	\$ 5,159.66
15871	2007	4	2	GS	\$ 82,793.59	\$ 8,797.27	\$ -	\$ 1,234.31	\$ -	\$ 10,031.58
15825	2007	4	2	GS	\$ 103,727.16	\$ 5,607.80	\$ -	\$ 773.19	\$ -	\$ 6,380.99
15896	2007	4	2	GS	\$ 45,755.57	\$ 2,482.87	\$ -	\$ 341.06	\$ -	\$ 2,823.93
15872	2007	4	2	GS	\$ 729.24	\$ 39.35	\$ -	\$ 5.43	\$ -	\$ 44.78
					\$ 8,696,276.45	\$ 558,134.15	\$ -	\$ 77,859.05	\$ -	\$ 635,993.20

Source: EOG April 2007 Utah Royalty Return Template					
Gross Proceeds	Total Deducts Claimed	Available Deducts Not Claimed	DOI	Royalty Refund Due	
\$ 1,817,694.81	\$ -	\$ 129,577.96	0.00613938	\$ 795.53	
\$ 879,372.06	\$ -	\$ 84,761.42	0.00284088	\$ 240.80	
\$ 104,665.09	\$ -	\$ 10,013.52	0.01227876	\$ 122.95	
\$ 7,206.54	\$ -	\$ 536.57	0.07656250	\$ 41.08	
\$ 21,230.51	\$ -	\$ 2,582.21	0.12500000	\$ 322.78	
\$ 6,076.23	\$ -	\$ 452.14	0.07656250	\$ 34.62	
\$ 11,333.79	\$ -	\$ 841.44	0.07656250	\$ 64.42	
\$ 12,473.05	\$ -	\$ 927.25	0.07656250	\$ 70.99	
\$ 5,915.65	\$ -	\$ 443.43	0.07656250	\$ 33.95	
\$ 13,104.23	\$ -	\$ 1,591.66	0.12500000	\$ 198.96	
\$ 5,160,522.63	\$ -	\$ 345,422.75	0.01008963	\$ 3,485.19	
\$ 107,414.63	\$ -	\$ 13,186.88	0.12500000	\$ 1,648.36	
\$ 9,887.05	\$ -	\$ 733.17	0.07656250	\$ 56.13	
\$ 136,098.36	\$ -	\$ 5,509.46	0.06250000	\$ 344.34	
\$ 15,931.74	\$ -	\$ 1,186.77	0.07656250	\$ 90.86	
\$ 36,152.18	\$ -	\$ 4,434.94	0.12500000	\$ 554.37	
\$ 76,114.53	\$ -	\$ 9,350.69	0.12500000	\$ 1,168.84	
\$ 42,077.82	\$ -	\$ 5,159.66	0.12500000	\$ 644.96	
\$ 82,793.59	\$ -	\$ 10,031.58	0.12500000	\$ 1,253.95	
\$ 103,727.16	\$ -	\$ 6,380.99	0.06250000	\$ 398.81	
\$ 45,755.57	\$ -	\$ 2,823.93	0.06250000	\$ 176.50	
\$ 729.24	\$ -	\$ 44.78	0.06250000	\$ 2.80	
\$ 8,696,276.45	\$ -	\$ 635,993.20		\$ 11,751.18	

UTAH State Royalty Report - Chapita (batch 300402) - current month
By PEN number and State Decimal - Owner #48627

Mar-07

StatePEN	StNAME	St_Decimal	Data				MCF Price
			TotalGrossMcf	Sum of GrossAmt	Sum of NetMcf	Sum of ST_Roy\$	
4905	Chapita	0.00613938	403,831	\$1,817,694.81	2,479	\$11,159.52	4.5011
4920	Stagecoach	0.00284088	186,656	\$879,372.06	530	\$2,498.19	4.7112
12659	NC 106	0.0765625	1,596	\$7,206.54	122	\$551.75	4.5151
12744	NC 118 et al	0.125	4,703	\$21,230.51	588	\$2,653.81	4.5146
12953	NC 112	0.0765625	1,344	\$6,076.23	103	\$465.21	4.5202
13141	NC 134	0.0765625	2,529	\$11,333.79	194	\$867.74	4.4822
13144	NC 151	0.0765625	2,779	\$12,473.05	213	\$954.97	4.4884
13163	NC 190	0.0765625	1,294	\$5,915.65	99	\$452.92	4.5717
13273	EC 800	0.125	2,889	\$13,104.23	361	\$1,638.03	4.5359
12521	CWUNonconsent	0.01227876	23,236	\$104,665.09	285	\$1,285.16	4.5045
14026	NC 110-32	0.0765625	2,207	\$9,887.05	169	\$756.98	4.4793
13884	CWU 853-32	0.125	22,931	\$107,414.63	2,866	\$13,426.83	4.6842
14091	Chapita	0.0625	28,976	\$136,098.36	1,811	\$8,506.15	4.6970
13650	Chapita	0.00995075	1,055,355	\$5,034,479.37	10,502	\$50,096.85	4.7704
		0.01563688	25,696	\$126,043.27	402	\$1,970.92	4.9052
14335	NCW 197-32	0.0765625	3,525	\$15,931.74	270	\$1,219.77	4.5192
15204	ECW 7-16	0.125	8,947	\$42,077.82	1,118	\$5,259.73	4.7030
15010	CWU 852-32	0.125	16,150	\$76,114.53	2,019	\$9,514.32	4.7131
15009	CWU 851-32	0.125	7,769	\$36,152.18	971	\$4,519.02	4.6534
15871	CWU 695-32	0.125	18,440	\$82,793.59	2,305	\$10,349.20	4.4899
15825	CWU 1173-02	0.0625	21,173	\$103,727.16	1,323	\$6,482.95	4.8990
15896	CWU 1120-02	0.0625	9,100	\$45,755.57	569	\$2,859.72	
15872	CWU 1143-02	0.0625	144	\$729.24	9	\$45.58	
Grand Total			1,851,270	\$8,696,276.45	29,308	\$137,535.31	

NEED TO BE REVISED TO REFLECT THE NET UNIT DECIMAL AS FOLLOWS (net royalty payment stays unchanged):

4905 Chapita	0.01227876	201,915	\$908,847.41	2,479	\$11,159.52	4.5011
12521 Nonconsent wells	0.01227876	23,236	\$104,665.09	285	\$1,285.16	4.5045

Total State Report	0.01227876	225,151	\$1,013,512.50	2,765	\$12,444.68	4.5015
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PER TCW MR. MERRITT DUNN OF STATE OF UTAH AUDIT DIVISION, 5/11/2005, PEN 13650 IS TO BE REPORTED AT UNIT DECIMAL OF .00625 (eff. 10/04). SINCE EOG RECORDS VOLUMES AT THE WELL DECIMAL, EOG'S GROSS VOLUMES NEED TO BE REVISED TO REFLECT THE NET UNIT DECIMAL AS FOLLOWS (net royalty payment stays unchanged):

Westport TIK 50%, deck shows .003676 State decimal - formula change needed this page
Eff. 12/04, Unit %=.00609756

13650 Chapita	0.01563688	5,248	25,743	402	\$1,970.92	4.9052
13650 Chapita	0.0765625	3,525	\$15,931.74	270	\$1,219.77	4.5192

Total State Report		8,773	\$41,674.42	672	\$3,190.70	4.7501
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CWU 863-32	0.125	Westport TIK 50%, deck shows .0625 State decimal - formula change needed this page				
12659 NC 106	0.125	978	\$4,414.01	122	\$551.75	4.5151
12953 NC 112	0.125	823	\$3,721.69	103	\$465.21	4.5202
13141 NC 134	0.125	1,549	\$6,941.95	194	\$867.74	4.4822
13144 NC 151	0.125	1,702	\$7,639.74	213	\$954.97	4.4884
13163 NC 190	0.125	793	\$3,623.33	99	\$452.92	4.5717
14026 NC 110-32	0.125	1,352	\$6,055.82	169	\$756.98	4.4793

State wants to see .125 decimal, even if there are TIK owners. Currently EOG markets .6125 of these well.

Any payments for condensate would have to be paid under the above decimal and reported under PEN #4905.
Payment to State of Utah owner #48627 should equal the accrual to State Royalty Payable account #415-343.

EOG Resources, Inc.
Utah Royalty Return Reconciliation
April 2007

Source: EOG Revenue Data										
Revenue					<----- 3rd Party Deduction (Fees) ----->					
Utah Entity Number (PEN)	Sales Year	Sales Month	Product Code (Numerical)	Product Code	Sum of Gross Value	T1 (Residue Transportation)	T6 (NGL Transportation)	F1 (Fuel)	P1 (Processing)	Total Deducts Available
4905	2007	4	2	NGL	\$ 154,127.72	\$ -	\$ 6,454.60	\$ -	\$ 23,106.55	\$ 29,561.15
4920	2007	4	2	NGL	\$ 121,679.49	\$ -	\$ 7,045.07	\$ -	\$ 15,493.30	\$ 22,538.37
12521	2007	4	2	NGL	\$ 9,400.36	\$ -	\$ 664.13	\$ -	\$ 2,273.67	\$ 2,937.80
12659	2007	4	2	NGL	\$ 660.69	\$ -	\$ 28.46	\$ -	\$ 95.94	\$ 124.40
12744	2007	4	2	NGL	\$ 2,022.30	\$ -	\$ 141.89	\$ -	\$ 461.91	\$ 603.80
12953	2007	4	2	NGL	\$ 546.86	\$ -	\$ 23.78	\$ -	\$ 80.81	\$ 104.59
13141	2007	4	2	NGL	\$ 857.89	\$ -	\$ 37.26	\$ -	\$ 150.15	\$ 187.41
13144	2007	4	2	NGL	\$ 1,035.29	\$ -	\$ 44.76	\$ -	\$ 165.59	\$ 210.35
13163	2007	4	2	NGL	\$ 742.40	\$ -	\$ 32.00	\$ -	\$ 79.58	\$ 111.58
13273	2007	4	2	NGL	\$ 1,124.34	\$ -	\$ 81.33	\$ -	\$ 284.36	\$ 365.69
13650	2007	4	2	NGL	\$ 785,642.19	\$ -	\$ 31,518.54	\$ -	\$ 62,185.87	\$ 93,704.41
13884	2007	4	2	NGL	\$ 15,147.78	\$ -	\$ 1,098.80	\$ -	\$ 2,370.85	\$ 3,469.65
14026	2007	4	2	NGL	\$ 706.77	\$ -	\$ 31.18	\$ -	\$ 130.84	\$ 162.02
14091	2007	4	2	NGL	\$ 8,266.43	\$ -	\$ 449.70	\$ -	\$ 990.13	\$ 1,439.83
14335	2007	4	2	NGL	\$ 1,478.88	\$ -	\$ 64.44	\$ -	\$ 212.19	\$ 276.63
14374	2007	4	2	NGL	\$ 7,764.81	\$ -	\$ 422.65	\$ -	\$ 833.65	\$ 1,256.30
14783	2007	4	2	NGL	\$ 3,561.22	\$ -	\$ 194.30	\$ -	\$ 431.27	\$ 625.57
15009	2007	4	2	NGL	\$ 4,937.76	\$ -	\$ 355.79	\$ -	\$ 796.79	\$ 1,152.58
15010	2007	4	2	NGL	\$ 10,872.47	\$ -	\$ 789.31	\$ -	\$ 1,680.96	\$ 2,470.27
15204	2007	4	2	NGL	\$ 5,600.18	\$ -	\$ 411.49	\$ -	\$ 926.63	\$ 1,338.12
15871	2007	4	2	NGL	\$ 6,262.38	\$ -	\$ 450.60	\$ -	\$ 1,790.75	\$ 2,241.35
15825	2007	4	2	NGL	\$ 15,402.69	\$ -	\$ 601.30	\$ -	\$ 1,148.52	\$ 1,749.82
15896	2007	4	2	NGL	\$ 7,568.95	\$ -	\$ 292.60	\$ -	\$ 509.19	\$ 801.79
15872	2007	4	2	NGL	\$ 114.23	\$ -	\$ 4.46	\$ -	\$ 8.05	\$ 12.51
					\$ 1,165,524.08	\$ -	\$ 51,238.44	\$ -	\$ 116,207.55	\$ 167,445.99

Source: EOG April 2007 Utah Royalty Return Template					
Gross Proceeds	Total Deducts Claimed	Available Deducts Not Claimed	DOI	Royalty Refund Due	
\$ 154,127.71	\$ -	\$ 29,561.15	0.00613938	\$ 181.49	
\$ 121,679.51	\$ -	\$ 22,538.37	0.00284088	\$ 64.03	
\$ 9,400.39	\$ -	\$ 2,937.80	0.01227876	\$ 36.07	
\$ 660.69	\$ -	\$ 124.40	0.07656250	\$ 9.52	
\$ 2,022.30	\$ -	\$ 603.80	0.12500000	\$ 75.48	
\$ 546.86	\$ -	\$ 104.59	0.07656250	\$ 8.01	
\$ 857.89	\$ -	\$ 187.41	0.07656250	\$ 14.35	
\$ 1,035.29	\$ -	\$ 210.35	0.07656250	\$ 16.10	
\$ 742.40	\$ -	\$ 111.58	0.07656250	\$ 8.54	
\$ 1,124.34	\$ -	\$ 365.69	0.12500000	\$ 45.71	
\$ 785,642.17	\$ -	\$ 93,704.41	0.01011128	\$ 947.47	
\$ 15,147.78	\$ -	\$ 3,469.65	0.12500000	\$ 433.71	
\$ 706.77	\$ -	\$ 162.02	0.07656250	\$ 12.40	
\$ 8,266.44	\$ -	\$ 1,439.83	0.06250000	\$ 89.99	
\$ 1,478.88	\$ -	\$ 276.63	0.07656250	\$ 21.18	
\$ 7,764.81	\$ -	\$ 1,256.30	0.06250000	\$ 78.52	
\$ 3,561.22	\$ -	\$ 625.57	0.06250000	\$ 39.10	
\$ 4,937.76	\$ -	\$ 1,152.58	0.12500000	\$ 144.07	
\$ 10,872.47	\$ -	\$ 2,470.27	0.12500000	\$ 308.78	
\$ 5,600.18	\$ -	\$ 1,338.12	0.12500000	\$ 167.27	
\$ 6,262.38	\$ -	\$ 2,241.35	0.12500000	\$ 280.17	
\$ 15,402.69	\$ -	\$ 1,749.82	0.06250000	\$ 109.36	
\$ 7,568.95	\$ -	\$ 801.79	0.06250000	\$ 50.11	
\$ 114.23	\$ -	\$ 12.51	0.06250000	\$ 0.78	
\$ 1,165,524.10	\$ -	\$ 167,445.99		\$ 3,142.22	



UTAH State Royalty Report - Chapita (batch 300402) - current month
By PEN number and State Decimal - Owner #48627

Mar-07

			Data				MCF
StatePEN	StNAME	St_Decimal	TotalGrossMcf	Sum of GrossAmt	Sum of NetMcf	Sum of ST_Roy\$	Price
4905	Chapita	0.00613938	2,697	\$154,127.71	17	\$946.25	57.1571
4920	Stagecoach	0.00284088	2,175	\$121,679.51	6	\$345.68	55.9466
12659	NC 106	0.0765625	11	\$660.69	1	\$50.58	57.9545
12744	NC 118 et al	0.125	35	\$2,022.30	4	\$252.79	58.0961
12953	NC 112	0.0765625	10	\$546.86	1	\$41.87	57.4178
13141	NC 134	0.0765625	15	\$857.89	1	\$65.68	57.4719
13144	NC 151	0.0765625	18	\$1,035.29	1	\$79.26	57.7487
13163	NC 190	0.0765625	13	\$742.40	1	\$56.84	57.9186
13273	EC 800	0.125	20	\$1,124.34	2	\$140.54	56.3511
12521	CWUNonconsent	0.01227876	163	\$9,400.39	2	\$115.43	57.6931
14026	NC 110-32	0.0765625	12	\$706.77	1	\$54.11	56.5883
13884	CWU 853-32	0.125	270	\$15,147.78	34	\$1,893.47	56.1921
14091	CWU 863-32	0.0625	53	\$2,974.43	3	\$185.90	56.5145
	CWU 862-32	0.0625	94	\$5,292.00	6	\$330.75	56.0178
13650	Chapita	0.00995075	13,761	\$763,462.70	137	\$7,597.03	55.4808
		0.01563688	405	\$22,179.47	6	\$346.82	54.7480
14335	NCW 197-32	0.0765625	26	\$1,478.88	2	\$113.23	57.3035
15204	ECW 7-16	0.125	101	\$5,600.18	13	\$700.02	55.4735
15010	CWU 852-32	0.125	194	\$10,872.47	24	\$1,359.06	56.1470
15009	CWU 851-32	0.125	87	\$4,937.76	11	\$617.22	56.5700
14374	CWU 855-33	0.0625	64	\$3,609.85	4	\$225.62	56.4074
	CWU 961-33	0.0625	74	\$4,154.96	5	\$259.69	
14783	CWU 867-33	0.0625	64	\$3,561.22	4	\$222.58	
15871	CWU 695-32	0.125	111	\$6,262.38	14	\$782.80	
15825	CWU 1173-02	0.0625	171	\$8,821.03	11	\$551.31	
	CUW 1175-02	0.0625	124	\$6,581.66	8	\$411.35	
15896	CWU 1220-02	0.0625	144	\$7,568.95	9	\$473.06	
15872	CWU 1220-02	0.0625	2	\$114.23	0	\$7.14	
Grand Total			20,912	\$1,165,524.10	327	\$18,226.07	

4905 Chapita	0.01227876	1,348	\$77,063.86	17	\$946.25	57.1571
12521 Nonconsent wells	0.01227876	163	\$9,400.39	2	\$115.43	57.6931

Total State Report 0.01227876 1,511 \$86,464.24 19 \$1,061.67 57.2149

PER TCW MR. MERRITT DUNN OF STATE OF UTAH AUDIT DIVISION, 5/11/2005, PEN 13650 IS TO BE REPORTED AT UNIT DECIMAL OF .00625 (eff. 10/04). SINCE EOG RECORDS VOLUMES AT THE WELL DECIMAL, EOG'S GROSS VOLUMES NEED TO BE REVISED TO REFLECT THE NET UNIT DECIMAL AS FOLLOWS (net royalty payment stays unchanged):

Westport TIK 50%, deck shows .003676 State decimal - formula change needed this page

Eff. 12/04, Unit %=.00609756

13650 Chapita	0.00995075	8,757	\$485,840.30	137	\$7,597.03	55.4808
13650 Chapita	0.01563688	405	\$22,179.47	6	\$346.82	54.7480

Total State Report 9,162 \$508,019.77 143 \$7,943.84 55.4484

CWU 863-32	0.125	Westport TIK 50%, deck shows .0625 State decimal - formula change needed this pa				
12659 NC 106	0.125	7	\$404.67	1	\$50.58	57.9545
12953 NC 112	0.125	6	\$334.95	1	\$41.87	57.4178
13141 NC 134	0.125	9	\$525.46	1	\$65.68	57.4719
13144 NC 151	0.125	11	\$634.12	1	\$79.26	57.7487
13163 NC 190	0.125	8	\$454.72	1	\$56.84	57.9186
14026 NC 110-32	0.125	8	\$432.90	1	\$54.11	56.5883

State wants to see .125 decimal, even if there are TIK owners. Currently EOG markets .6125 of these well.

Any payments for condensate would have to be paid under the above decimal and reported under PEN #4905.

Payment to State of Utah owner #48627 should equal the accrual to State Royalty Payable account #415-343.

T:\Clients - Active\EOG\EOG UT ROY 0701-1712\Databases and Workpapers\Petition for Appeal\Exhibits\[Exhibit C - Royalty Reconciliation]

EXHIBIT E

Henagan, Lee

Subject: FW: FW: Utah Trust Lands Audit - EOG Resources Response

From: Merritt Dunn [<mailto:merrittdunn@utah.gov>]

Sent: Wednesday, August 8, 2018 11:31 AM

To: Travis, Jonathon <Jonathon.Travis@ryan.com>; Jennifer Del Tatto <Jennifer_DelTatto@eogresources.com>; Ron Carlson <RCarlson@utah.gov>; Mike Johnson <mjohnson@utah.gov>; Wes Adams <wesadams@utah.gov>; Zeke Clements <zclements@utah.gov>; Merritt Dunn <merrittdunn@utah.gov>

Subject: Re: FW: Utah Trust Lands Audit - EOG Resources Response

8/8/2018

Mr. Travis

In your response dated July 23, 2018 on Issue 1, it is true that SITLA has in effect used the tailgate of the processing plant as the royalty measurement point. The reason for this is two-fold. First, EOG by calculating its royalty obligation to SITLA based on the amount of residue gas and liquids volume at the tailgate of the plant made this determination first. I believe this to be a necessary decision on EOG's part as ONRR regulations state that "In situations where gas is processed, royalty is due on the net output (quantity) of residue gas and gas plant products measured at the tailgate of the plant and attributable to the lease (30 CFR 206.154(b)(1) and 30 CFR 206.174(b) (Section 2.4 Quantities and Qualities. ONRR Payor Handbook)

Second, the royalty measurement point is not the only determination relevant to where gathering ends and transportation begins. SITLA's longstanding position, based on guidance provided by the Assistant Solicitor for Royalty and Offshore Minerals in the Office of the U.S Department of the Interior and judicial precedent - is that gas produced from multiple wells is not marketable or usable until it has been accumulated for treatment and ultimate transport. This requirement is not possible until after EOG has its gas processed through the Ironhorse/Stagecoach or Chipeta plants. Accumulation, as stated above, is therefore part of the gathering process and not transportation. All of the conditioning operations; gathering, compression, dehydration, and sweetening - are necessary to prepare gas for entry into a pipeline and, therefore, to make it marketable. Gas is marketable when it meets the requirements of the dominant end-user and not those of intermediate processors – Federal Register/Vol 81. Questar, as well as other interstate pipeline operators, do not allow gas in need of processing to enter their pipeline. EOG's gas is not marketable until it has been processed and therefore any costs incurred before processing are not allowable transportation deductions. EOG seems to assume, in using its present method for calculating SITLA royalties that they incur no gathering charges at all for gas gathered at the wellhead in need of processing.

Also in your disagreement to Issue 1, you state that you believe that approximately 11% of all fees are non-deductible compared to the 65% figure SITLA put forth in its Audit Findings

of 2012. I agree that using the Manzanares system as proxy for the Chipeta Plant did not provide a very comparable system, but it was the best SITLA could do at the time. Fortunately ONRR, as part of its Unbundling program, has recently come out with its Unbundling Cost Allocation for the Chipeta Gas Plant in Utah. For each of the years 2012 through 2018 they have found 38% of the costs charged to be disallowed. (You can download this calculation from ONRR's website). The 38% is for costs incurred within the Chipeta Plant and does not include costs for moving gas to the inlet of the plant, which contract (EOG 476PI with QEP Field Services) is the issue in our present audit findings, which SITLA has determined to be non-allowable in full. Therefore the 65% in our 2012 Audit Findings may have been generous on SITLA's part at that time.

I think I can quickly address your disagreements with Issues 2 & 3. EOG did not provide SITLA, as part of our document request, any documentation that EOG had requested and received from ONRR a transportation allowance in excess of the 50% limitation. Even if they had EOG also needed to apply and be granted from SITLA this same consideration. This is stated in your SITLA leases. Another application would have to be granted for EOG to exceed a processing allowance in excess of 66 2/3 percent.

Having reviewed your arguments, SITLA finds no reason to amend the \$2.2 million found owing in our initial audit finding. Therefore it is our Final Determination at this time that EOG owes \$2.2 million in additional royalties to SITLA.

EOG can either make payment in full at this time or within 14 days, until the close of business on August 23rd, 2018 file a written petition seeking review of this action in an adjudicative proceeding before the SITLA Board of Trustees pursuant to Utah Code Section 53C-1-304 and Utah Admin. Code R850-8-1000.

Until August 23rd, EOG still has the option to propose, to the Assistant Director of the Oil and Gas Group, a dollar amount to settle this claim. Ms. Lavonne Garrison is the current Assistant Director and she can be reached by phone at 801 538 5197, or by email at lavonnegarrison@utah.gov. If any such offer is made, SITLA will either; accept the offer, decline or make a counter proposal.

Sincerely,

Merritt Dunn

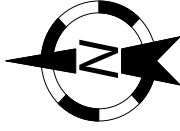
Royalty Auditor

Utah Trust Lands

EXHIBIT F



Well Name: CHAPITA WELLS UNIT 913-24
1/4 1/4:NE/SW Sec: 24 T:9S R:22E
County: UINTAH State: UTAH
Lease: SL-071861
UNIT\PA#: 892000905BF
Well Type: Oil: Gas: X Disposal:

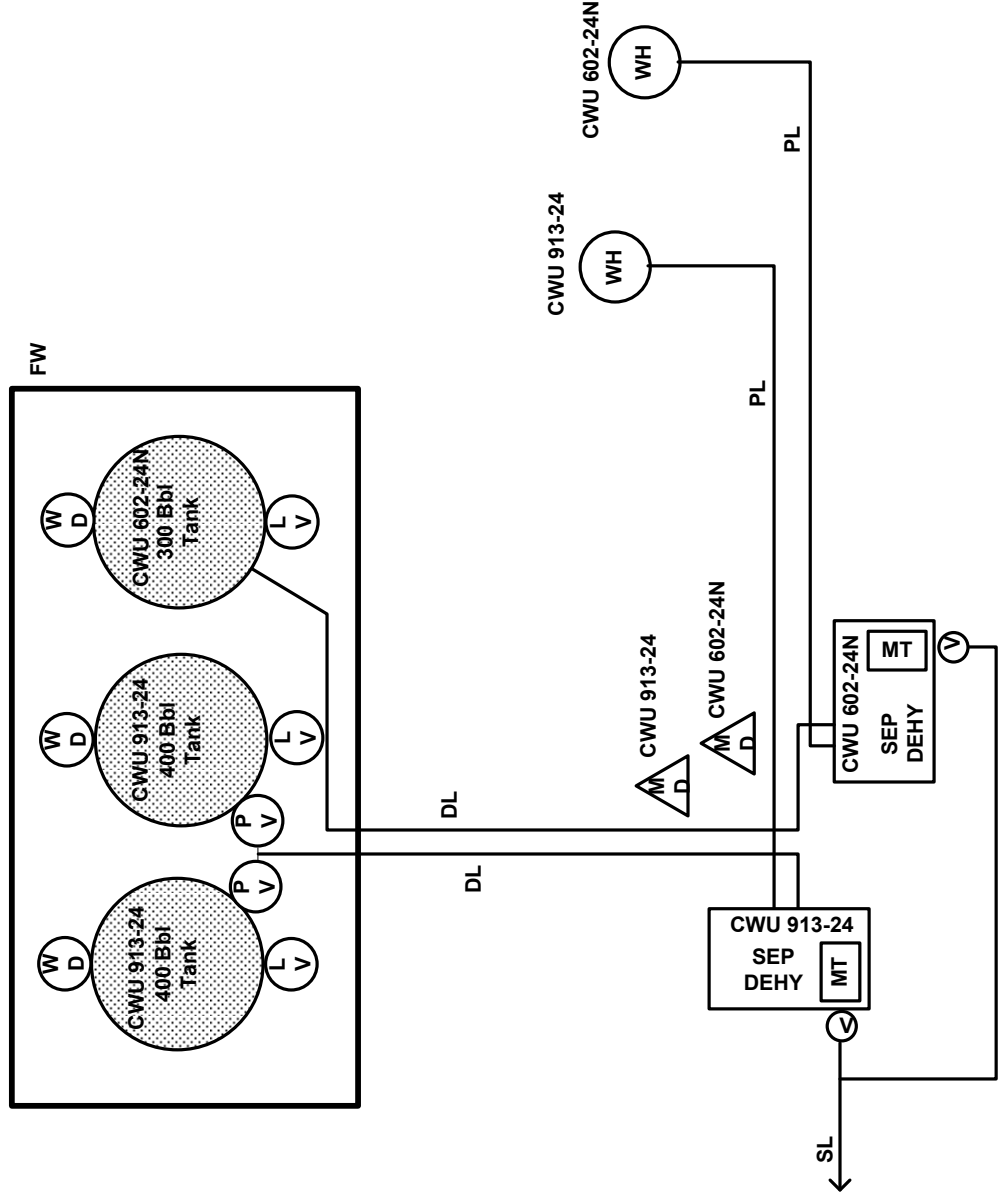


Site facility diagrams & site security plans are located at the Vernal office in Vernal, Utah. The office is located at 1060 East Hwy 40 and normal business hours are 7:00 a.m. to 4:30 p.m. Mon -Thurs and 7:00 a.m. to 1:00 p.m. Fridays.

Valve Production Phase Sales Phase Water Drain

PV	O	SC	SC
LV	SC	O	SC
WD	SC	SC	O

Date: 06/23/2010



Abbreviations

AM = Allocation Meter
AR = Access Road
BP = Booster Pump
CHT = Chemical Tank
COM = Combustor
COMP = Compressor
CON = Condensate Tank
CT = Condensate Tank
DH = Dehydrator
DL = Dump Line
EP = Electrical Panel
ET = Emergency Tank
FGS = Fuel Gas Scrubber
FT = Fiberglass Tub
FW = Firewall
GB = Gas Buster
GEN = Generator
LACT = LACT Unit
LH = Line Heater
LV = Load Valve
MAN = Manifold
MB = Methanol Bath
MT = Meter Tube
MD = Meter Display
O = Open
OT = Oil Tank
PIGL = Pig Launcher
PIGR = Pig Receiver
PL = Production Line
PP = Power Pole
PT = Propane Tank
PU = Pumping Unit
PV = Production Valve
PW = Produced Water
RL = Recycle Line
RP = Recycle Pump
RV = Recycle Valve
SC = Sealed Closed
SGS = Sales Gas Scrubber
SL = Sales Line
SM = Sales Meter
SO = Sealed Open
SP = Separator
SV = Sales Valve
T = Treater
TP = Trace Pump
V = Valve
WD = Water Drain
WDP = Water Disposal Pump
WFP = Water Flood Pump
WH = Wellhead

----- = Buried Line
_____ = Unburied Line



CWU 913-24
; Meter #006835



×



Uintah County
Utah
40.020402, -109.391522

RECEIVED

APR 06 2004

FORM APPROVED
OMB No. 1004-0136
Expires January 31, 2004

006

UNITED STATES
DEPARTMENT OF THE INTERIOR DIV. OF OIL, GAS & MINING
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: ☒ DRILL ☐ REENTER

1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☐ Single Zone ☒ Multiple Zone

2. Name of Operator
EOG RESOURCES, INC.

3a. Address **P.O. BOX 1815
VERNAL, UT 84078**

3b. Phone No. (Include area code)
(435)789-0790

4. Location of Well (Report location clearly and in accordance with any State requirements. *)

At surface **2177' FSL, 1930' FWL NE/SW**

At proposed prod. Zone

5. Lease Serial No.

SL-071861

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.

CHAPITA WELLS UNIT

8. Lease Name and Well No.

CHAPITA WELLS UNIT 913-24

9. API Well No.

43-047-35532

10. Field and Pool, or Exploratory
NATURAL BUTTES

11. Sec., T., R., M., or Blk. and Survey or Area

**SEC. 24, T9S, R22E,
S.L.B.&M.**

14. Distance in miles and direction from nearest town or post office*

18.8 MILES SOUTHEAST OF OURAY, UTAH

12. County or Parish

UINTAH

13. State

UTAH

15. Distance from proposed*
location to nearest
property or lease line, ft. **1930'**
(Also to nearest drig. Unit line, if any)

16. No. of Acres in lease

40

17. Spacing Unit dedicated to this well

18. Distance from proposed location*
to nearest well, drilling, completed,
applied for, on this lease, ft. See Topo Map C

19. Proposed Depth

9250'

20. BLM/BIA Bond No. on file

NM-2308

21. Elevations (Show whether DF, KDB, RT, GL, etc.)

5032.4 FEET GRADED GROUND

22. Approximate date work will start*

UPON APPROVAL

23. Estimated duration

45 DAYS

24. Attachments

Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see item 20 above).
5. Operator certification.
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature

Ed Trotter

Name (Printed/Typed)

Ed Trotter

Date

February 17, 2004

Title

Agent

Approved by (Signature)

Edwin I. Foreman

Title

**Assistant Field Manager
Mineral Resources**

Name (Printed/Typed)

EDWIN I. FOREMAN

Office

Date

4/1/04

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of Approval, if any, are attached.

CONDITIONS OF APPROVAL ATTACHED

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

UDOGM
(Instructions on reverse)

NOTICE OF APPROVAL

CONDITIONS OF APPROVAL
APPLICATION FOR PERMIT TO DRILL

Company/Operator: EOG Resources, Inc.
Well Name & Number: CWU 913-24
Lease Number: UTSL-071861
API Number: 43-047-35532
Location: NESW Sec. 24 T. 9S R. 22E
Agreement: Chapita Wells Unit

For more specific details on notification requirements, please check the Conditions of Approval for Notice to Drill and Surface Use Program.

CONDITIONS OF APPROVAL FOR NOTICE TO DRILL

Approval of this application does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Be aware fire restrictions may be in effect when location is being constructed and/or when well is being drilled. Contact the appropriate Surface Management Agency for information.

A. DRILLING PROGRAM

1. Estimated Depth at Which Oil, Gas, Water, or Other Mineral Bearing Zones are Expected to be Encountered

Report ALL water shows and water-bearing sands to John Mayers of this office **prior to setting the next casing string or requesting plugging orders**. Faxed copies of State of Utah form OGC-8-X are acceptable. If noticeable water flows are detected, submit samples to this office along with any water analyses conducted.

All usable water and prospectively valuable minerals (as described by BLM at onsite) encountered during drilling, will be recorded by depth and adequately protected. All oil and gas shows will be tested to determine commercial potential.

2. Pressure Control Equipment

The BOP and related equipment shall meet the minimum requirements of Onshore Oil & Gas Order No. 2 for equipment and testing requirements, procedures, etc., for a **5M** system and individual components shall be operable as designed. Chart recorders shall be used for all pressure tests.

Test charts, with individual test results identified, shall be maintained on location while drilling and shall be made available to a BLM representative upon request.

3. Casing Program and Auxiliary Equipment

Surface casing shall have centralizers on the bottom three joints, with a minimum of one centralizer per joint. Surface casing setting depths are based on ground level elevations only.

All casing strings below the conductor shall be pressure tested to 0.22 psi/ft of casing string length or 1500 psi, whichever is greater but not to exceed 70% of the minimum internal yield.

As a minimum requirement, the cement behind to production casing must extend at least 200' above the top of the Wasatch Formation which has been identified at $\pm 4790'$.

If gilsonite is encountered while drilling, it shall be isolated and/or protected via the cementing program.

4. Mud Program and Circulating Medium

Hazardous substances specifically listed by the EPA as a hazardous waste or demonstrating a characteristic of a hazardous waste will not be used in drilling, testing, or completion operations.

No chromate additives will be used in the mud system on Federal and Indian lands without prior BLM approval to ensure adequate protection of fresh water aquifers.

5. Coring, Logging and Testing Program

Daily drilling and completion progress reports shall be submitted to this office on a weekly basis.

A cement bond log (CBL) will be run from the production casing shoe to top of the cement and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.

Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43

CFR 3164. Two copies of all logs, core descriptions, core analyses, well-test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. Samples (cuttings, fluids, and/or gases) will be submitted when requested by the AO.

Please submit to this office, in LAS format, an electronic copy of all logs run on this well. This submission will replace the requirement for submittal of paper logs to the BLM.

6. Notifications of Operations

No location will be constructed or moved, no well will be plugged, and no drilling or workover equipment will be removed from a well to be placed in a suspended status without prior approval of the AO. If operations are to be suspended, prior approval of the AO will be obtained and notification given before resumption of operations.

Operator shall report production data to MMS pursuant to 30 CFR 216.5 using form MMS/3160.

Immediate Report: Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be promptly reported in accordance with the requirements of NTL-3A or its revision.

If a replacement rig is contemplated for completion operations, a "Sundry Notice" (Form 3160-5) to that effect will be filed, for prior approval of the AO, and all conditions of this approved plan are applicable during all operations conducted with the replacement rig.

The date on which production is commenced or resumed will be construed for oil wells as the date on which liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which liquid hydrocarbons are first produced into a permanent storage facility, whichever first occurs; and, for gas wells as the date on which associated liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which gas is first measured through permanent metering facilities, whichever first occurs.

Should the well be successfully completed for production, the AO will be notified when the well is placed in a producing status. Written notification of such must be submitted to this office not later than five (5) days following the date on which the well is placed on production.

Gas produced from this well may not be vented or flared beyond an initial authorized test period of 30 days or 50 MMCF following its completion, whichever occurs first, without the prior written approval of the Authorized Officer. Should gas be vented or flared without approval beyond the authorized test period, the operator may be directed to shut-in the well until the gas can be captured or approval to continue venting or flaring as uneconomic is granted and the operator shall be required to compensate the lessor for that portion of the gas vented or flared without approval which is determined to have been avoidably lost.

A schematic facilities diagram as required by 43 CFR 3162.7-5(d) shall be submitted to the appropriate Field Office within 60 days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with 43 CFR 3162.7-5 (1).

No well abandonment operations will be commenced without the prior approval of the AO. In the case of newly drilled dry holes or failures, and in emergencies, oral approval will be obtained from the AO. A "Subsequent Report of Abandonment" Form 3160-5, will be filed with the AO within thirty (30) days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the AO or his representative, or the appropriate Surface Managing Agency.

7. Other Information

All loading lines will be placed inside the berm surrounding the tank battery.

All off-lease storage, off-lease measurement, or commingling onlease or off-lease will have prior written approval from the AO.

The oil and gas measurement facilities will be installed on the well location. The oil and gas meters will be calibrated in place prior to any deliveries and tested for meter accuracy at least quarterly thereafter. The AO will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports will be submitted to the Vernal Field Office. All meter measurement facilities will conform to Onshore Oil & Gas Order No. 4 for liquid hydrocarbons and Onshore Oil & Gas Order No. 5 for natural gas measurement.

The use of materials under BLM jurisdiction will conform to 43 CFR 3610.2-3.

There will be no deviation from the proposed drilling and/or workover program without prior approval from the AO. Safe drilling and operating practices must be observed. All wells, whether drilling, producing, suspended, or abandoned will be identified in accordance with 43 CFR 3162.

"Sundry Notice and Report on Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3162.3-2.

Section 102(b)(3) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3162.4-1(c), requires that "not later than the 5th business day after any well begins production on which royalty is due

anywhere on a lease site or allocated to a lease site, or resumes production in the case of a well which has been off production for more than 90 days, the operator shall notify the authorized officer by letter or sundry notice, Form 3160-5, or orally to be followed by a letter or sundry notice, of the date on which such production has begun or resumed."

If you fail to comply with this requirement in the manner and time allowed, you shall be liable for a civil penalty of up to \$10,000 per violation for each day such violation continues, not to exceed a maximum of 20 days. See Section 109(c)(3) of the Federal Oil and Gas Royalty Management Act of 1982 and the implementing regulations at Title 43 CFR 3162.4-1(b)(5)(ii).

APD approval is valid for a period of one (1) year from the signature date. An extension period may be granted, if requested, prior to the expiration of the original approval period.

In the event after-hours approvals are necessary, you must contact one of the following individuals:

Ed Forsman (435) 828-7874
Petroleum Engineer

Kirk Fleetwood (435) 828-7875
Petroleum Engineer

BLM FAX Machine (435) 781-4410

THERE ARE NO ADDITIONAL CONDITIONS FOR THE SURFACE USE PROGRAM.

EPA'S LIST OF NONEXEMPT EXPLORATION AND PRODUCTION WASTES

While the following wastes are nonexempt, they are not necessarily hazardous.

Unused fracturing fluids or acids

Gas plant cooling tower cleaning wastes

Painting wastes

Oil and gas service company wastes, such as empty drums, drum rinsate, vacuum truck rinsate, sandblast media, painting wastes, spent solvents, spilled chemicals, and waste acids

Vacuum truck and drum rinsate from trucks and drums, transporting or containing nonexempt waste

Refinery wastes

Liquid and solid wastes generated by crude oil and tank bottom reclaimers

Used equipment lubrication oils

Waste compressor oil, filters, and blowdown

Used hydraulic fluids

Waste solvents

Waste in transportation pipeline-related pits

Caustic or acid cleaners

Boiler cleaning wastes

Boiler refractory bricks

Incinerator ash

Laboratory wastes

Sanitary wastes

Pesticide wastes

Radioactive tracer wastes

Drums, insulation and miscellaneous solids

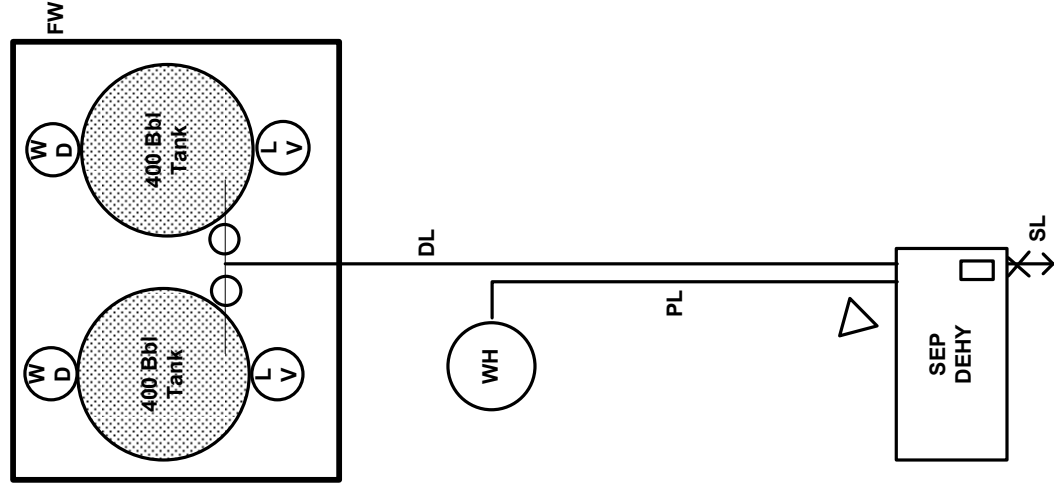


Well Name: **EAST CHAPITA 51-35**
1/4 1/4: NW/NW Sec: 35 T: 9S R: 23E
County: **UINTAH** State: **UTAH**
Lease: **UTU-0344**

Site facility diagrams & site security plans are located at the Vernal office in Vernal, Utah. The office is located at 1060 East Hwy 40 and normal business hours are 7:00 a.m. to 4:30 p.m. Mon -Thurs and 7:00 a.m. to 1:00 p.m. Fridays.

Valve	Production Phase	Sales Phase	Water Drain
PV	O	SC	SC
LV	SC	O	SC
WD	SC	SC	O

DATED 02/24/2010



Abbreviations

AM = Allocation Meter
AR = Access Road
CHT = Chemical Tank
COMP = Compressor
CON = Condensor
CT = Condensate Tank
DL = Dump Line
EP = Electrical Panel
ET = Emergency Tank
FW = Firewall
LACT = LACT Unit
LH = Line Heater
LV = Load Valve
MAN = Manifold
MB = Methanol Bath
O = Open
PL = Production Line
PP = Power Pole
PT = Propane Tank
PU = Pumping Unit
PV = Production Valve
PW = Produced Water
RL = Recycle Line
RP = Recycle Pump
RV = Recycle Valve
SC = Sealed Closed
SGS = Sales Gas Scrubber
SL = Sales Line
SM = Sales Meter
SO = Sealed Open
SP = Separator
SV = Sales Valve
T = Treater
TP = Trace Pump
WD = Water Drain
WDP = Water Disposal Pump
WFP = Water Flood Pump
WH = Wellhead

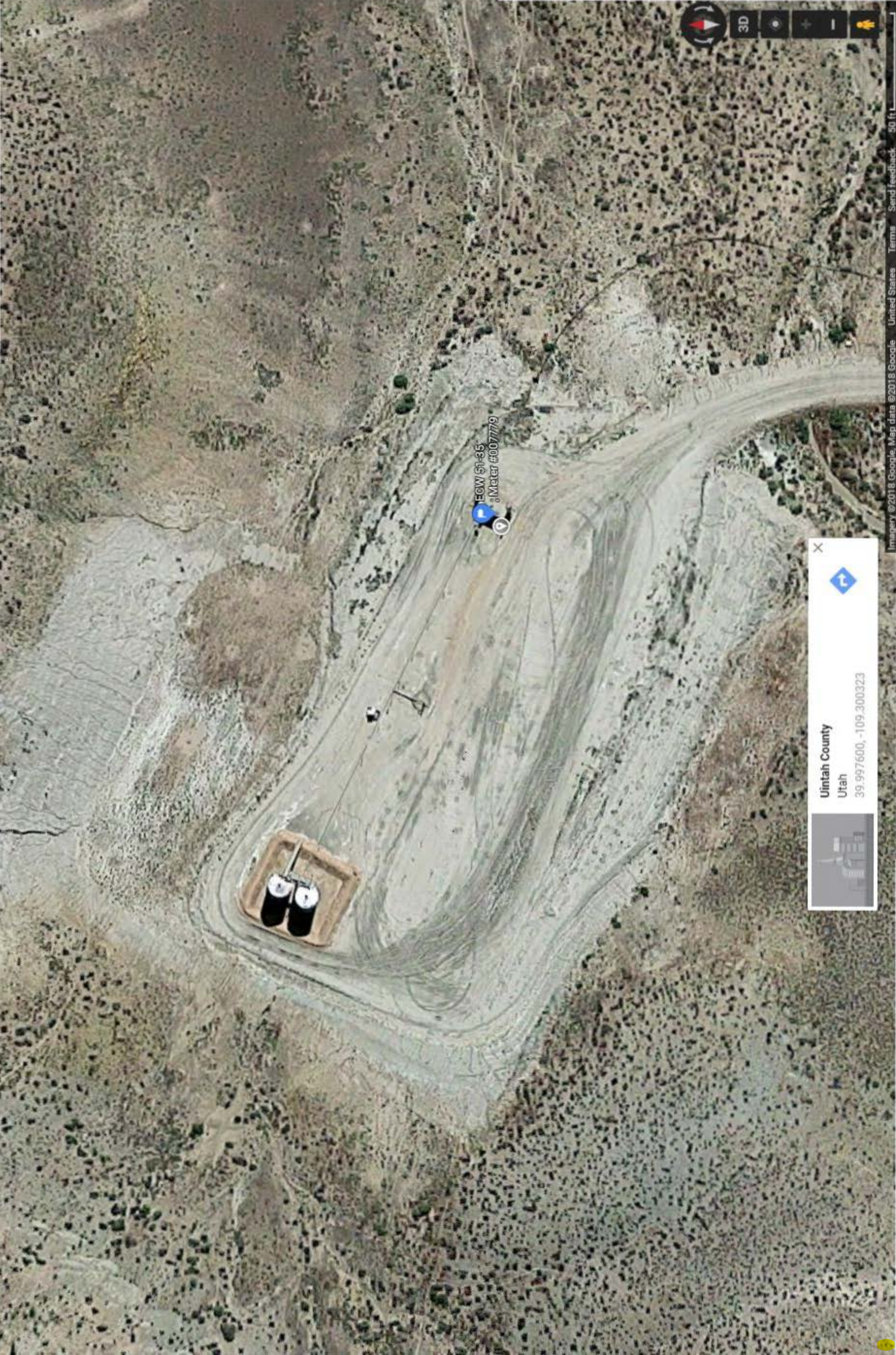
----- = Buried Line
_____ = Unburied Line

△ = Meter Display

□ = Meter Tube

○ = Production Valve

× = Valve



ECW 51-35
Meter #007779





Uintah County

Utah

39.997600, -109.300323



RECEIVED

Form 3160-3
(February 2005)

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. U-0344
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator EOG RESOURCES, INC		7. If Unit or CA Agreement, Name and No.
3a. Address 1060 East Highway 40 Vernal, UT 84078	3b. Phone No. (include area code) 435-781-9111	8. Lease Name and Well No. East Chapita 51-35
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 726 FNL & 827 FWL (NWNW) 39.997706 LAT 109.300647 LON At proposed prod. zone SAME		9. API Well No. 43-047-39208
14. Distance in miles and direction from nearest town or post office* 56.2 Miles South of Vernal, UT		10. Field and Pool, or Exploratory Natural Buttes/Mesaverde/Wasatch
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 726 493	16. No. of acres in lease 640	11. Sec., T. R. M. or Blk. and Survey or Area Section 35, T9S, R23E S.L.B.&M
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1430	19. Proposed Depth 8500	12. County or Parish Uintah
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5302 GL	22. Approximate date work will start*	13. State UT
23. Estimated duration 45 Days		

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification
- Such other site specific information and/or plans as may be required by the BLM.

25. Signature 	Name (Printed/Typed) Kaylene R. Gardner	Date 04/09/2007
Title Sr. Regulatory Assistant		

Approved by (Signature) 	Name (Printed/Typed) Terry Kavieka	Date 12-27-2007
Title Assistant Field Manager Lands & Mineral Resources		

VERNAL FIELD OFFICE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

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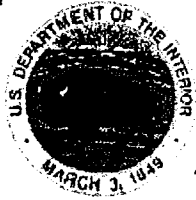
DIV. OF OIL, GAS & MINING

U.D.G.M.
NOTICE OF APPROVAL

CONDITIONS OF APPROVAL ATTACHED

07PP 1319A

2005 1/26/07



UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
VERNAL FIELD OFFICE

170 South 500 East

VERNAL, UT 84078

(435) 781-4400



CONDITIONS OF APPROVAL FOR APPLICATION FOR PERMIT TO DRILL

Company: EOG Resources Inc.
Well No: East Chapita 51-35
API No: 43-047- 39208

Location: NWNW, Sec. 35, T9S, R23E
Lease No: UTU- 0344
Agreement: N/A

Title	Name	Office Phone Number	Cell Phone Number
Petroleum Engineer:	Matt Baker	(435) 781-4490	(435) 828-4470
Petroleum Engineer:	Michael Lee	(435) 781-4432	(435) 828-7875
Petroleum Engineer:	James Ashley	(435) 781-4470	(435) 828-7874
Petroleum Engineer:	Ryan Angus	(435) 781-4430	(435) 828-7368
Supervisory Petroleum Technician:	Jamie Sparger	(435) 781-4502	(435) 828-3913
NRS/Enviro Scientist:	Paul Buhler	(435) 781-4475	(435) 828-4029
NRS/Enviro Scientist:	Karl Wright	(435) 781-4484	(435) 828-7381
NRS/Enviro Scientist:	Holly Villa	(435) 781-4404	
NRS/Enviro Scientist:		(435) 781-4476	
NRS/Enviro Scientist:	Chuck Macdonald	(435) 781-4441	(435) 828-7481
NRS/Enviro Scientist:	Jannice Cutler	(435) 781-3400	(435) 828-3544
NRS/Enviro Scientist:	Michael Cutler	(435) 781-3401	(435) 828-3546
NRS/Enviro Scientist:	Anna Figueroa	(435) 781-3407	(435) 828-3548
NRS/Enviro Scientist:	Verlyn Pindell	(435) 781-3402	(435) 828-3547
NRS/Enviro Scientist:	Darren Williams	(435) 781-4447	
NRS/Enviro Scientist:	Nathan Packer	(435) 781-3405	(435) 828-3545

Fax: (435) 781-3420

**A COPY OF THESE CONDITIONS SHALL BE FURNISHED TO YOUR
FIELD REPRESENTATIVE TO INSURE COMPLIANCE**

All lease and/or unit operations are to be conducted in such a manner that full compliance is made with the applicable laws, regulations (43 CFR Part 3160), and this approved Application for Permit to Drill including Surface and Downhole Conditions of Approval. The operator is considered fully responsible for the actions of his subcontractors. A copy of the approved APD must be on location during construction, drilling, and completion operations. **This permit is approved for a two (2) year period, or until lease expiration, whichever occurs first. An additional extension, up to two (2) years, may be applied for by sundry notice prior to expiration.**

NOTIFICATION REQUIREMENTS

Location Construction (Notify Environmental Scientist)	- Forty-Eight (48) hours prior to construction of location and access roads.
Location Completion (Notify Environmental Scientist)	- Prior to moving on the drilling rig.
Spud Notice (Notify Petroleum Engineer)	- Twenty-Four (24) hours prior to spudding the well.
Casing String & Cementing (Notify Supv. Petroleum Tech.)	- Twenty-Four (24) hours prior to running casing and cementing all casing strings.
BOP & Related Equipment Tests (Notify Supv. Petroleum Tech.)	- Twenty-Four (24) hours prior to initiating pressure tests.
First Production Notice (Notify Petroleum Engineer)	- Within Five (5) business days after new well begins or production resumes after well has been off production for more than ninety (90) days.

***SURFACE USE PROGRAM
CONDITIONS OF APPROVAL (COAs)***

- If there is an active Gilsonite mining operation within 2 miles of the well location, operator shall notify the Gilsonite operator at least 48 hours prior to any blasting during construction.
- If paleontological materials are uncovered during construction, the operator is to immediately stop work and contact the Authorized Officer (AO). A determination will be made by the AO as to what mitigation may be necessary for the discovered paleontologic material before construction can continue.

SITE SPECIFIC CONDITIONS OF APPROVAL:

- Install culverts as needed

**DOWNHOLE PROGRAM
CONDITIONS OF APPROVAL (COAs)**

SITE SPECIFIC DOWNHOLE COAs:

- Production casing cement shall be brought up and into the surface casing. The minimum cement top is 200 ft above the surface casing shoe.
 - COA specification is consistent with operators performance standard stated in APD.
- A variance is granted for Onshore Order #2 Drilling Operations III. E. "Blooie line discharge 100 feet from well bore and securely anchored" Blooie line can be 75 feet.
- Request to commingle the Wasatch and Mesaverde is approved. This approval can be rescinded at any time the Authorized Officer determines the commingling to be detrimental to the interest of the United States.

All provisions outlined in Onshore Oil & Gas Order #2 Drilling Operations shall be strictly adhered to. The following items are emphasized:

DRILLING/COMPLETION/PRODUCING OPERATING STANDARDS

- The spud date and time shall be reported orally to Vernal Field Office within 24 hours of spudding.
- Notify Vernal Field Office Supervisory Petroleum Engineering Technician at least 24 hours in advance of casing cementing operations and BOPE & casing pressure tests.
- Blowout prevention equipment (BOPE) shall remain in use until the well is completed or abandoned. Closing unit controls shall remain unobstructed and readily accessible at all times. Choke manifolds shall be located outside of the rig substructure.
- All BOPE components shall be inspected daily and those inspections shall be recorded in the daily drilling report. Components shall be operated and tested as required by Onshore Oil & Gas Order No. 2 to insure good mechanical working order. All BOPE pressure tests shall be performed by a test pump with a chart recorder and **NOT** by the rig pumps. Test shall be reported in the driller's log.
- BOP drills shall be initially conducted by each drilling crew within 24 hours of drilling out from under the surface casing and weekly thereafter as specified in Onshore Oil & Gas Order No. 2.
- Casing pressure tests are required before drilling out from under all casing strings set and cemented in place.
- No aggressive/fresh hard-banded drill pipe shall be used within casing.
- **Cement baskets shall not be run on surface casing.**
- The operator must report all shows of water or water-bearing sands to the BLM. If flowing water is encountered it must be sampled, analyzed, and a copy of the analyses submitted to the BLM Vernal Field Office.

- The operator must report encounters of all non oil & gas mineral resources (such as Gilsonite, tar sands, oil shale, trona, etc.) to the Vernal Field Office, in writing, within 5 working days of each encounter. Each report shall include the well name/number, well location, date and depth (from KB or GL) of encounter, vertical footage of the encounter and, the name of the person making the report (along with a telephone number) should the BLM need to obtain additional information.
- A complete set of angular deviation and directional surveys of a directional well will be submitted to the Vernal BLM office engineer within 30 days of the completion of the well.
- While actively drilling, chronologic drilling progress reports shall be filed directly with the BLM, Vernal Field Office on a weekly basis in sundry, letter format or e-mail to the Petroleum Engineers until the well is completed.
- A cement bond log (CBL) will be run from the production casing shoe to the top of cement and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.
- **Please submit an electronic copy of all other logs run on this well in LAS format to UT_VN_Welllogs@BLM.gov. This submission will supersede the requirement for submittal of paper logs to the BLM.**
- There shall be no deviation from the proposed drilling, completion, and/or workover program as approved. Safe drilling and operating practices must be observed. Any changes in operation must have prior approval from the BLM Vernal Field Office.

OPERATING REQUIREMENT REMINDERS:

- All wells, whether drilling, producing, suspended, or abandoned, shall be identified in accordance with 43 CFR 3162.6. There shall be a sign or marker with the name of the operator, lease serial number, well number, and surveyed description of the well.
- In accordance with 43 CFR 3162.4-3, this well shall be reported on the "Monthly Report of Operations" (Oil and Gas Operations Report ((OGOR)) starting with the month in which operations commence and continue each month until the well is physically plugged and abandoned. This report shall be filed in duplicate, directly with the Minerals Management Service, P.O. Box 17110, Denver, Colorado 80217-0110, or call 1-800-525-7922 (303) 231-3650 for reporting information.
- Should the well be successfully completed for production, the BLM Vernal Field office must be notified when it is placed in a producing status. Such notification will be by written communication and must be received in this office by not later than the fifth business day following the date on which the well is placed on production. The notification shall provide, as a minimum, the following informational items:
 - Operator name, address, and telephone number.
 - Well name and number.
 - Well location (¼¼, Sec., Twn, Rng, and P.M.).
 - Date well was placed in a producing status (date of first production for which royalty will be paid).
 - The nature of the well's production, (i.e., crude oil, or crude oil and casing head gas, or natural gas and entrained liquid hydrocarbons).
 - The Federal or Indian lease prefix and number on which the well is located; otherwise the non-Federal or non-Indian land category, i.e., State or private.
 - Unit agreement and/or participating area name and number, if applicable.
 - Communitization agreement number, if applicable.
- Any venting or flaring of gas shall be done in accordance with Notice to Lessees (NTL) 4A and needs prior approval from the BLM Vernal Field Office.
- All undesirable events (fires, accidents, blowouts, spills, discharges) as specified in NTL 3A will be reported to the BLM, Vernal Field Office. Major events, as defined in NTL3A, shall be reported verbally within 24 hours, followed by a written report within 15 days. "Other than Major Events" will be reported in writing within 15 days. "Minor Events" will be reported on the Monthly Report of Operations and Production.
- Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (BLM Form 3160-4) shall be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3162.4-1. Two copies of all logs run, core descriptions, and all other surveys or

data obtained and compiled during the drilling, workover, and/or completion operations, shall be filed on BLM Form 3160-4. Submit with the well completion report a geologic report including, at a minimum, formation tops, and a summary and conclusions. Also include deviation surveys, sample descriptions, strip logs, core data, drill stem test data, and results of production tests if performed. Samples (cuttings, fluid, and/or gas) shall be submitted only when requested by the BLM, Vernal Field Office.

- All off-lease storage, off-lease measurement, or commingling on-lease or off-lease, shall have prior written approval from the BLM Vernal Field Office.
- Oil and gas meters shall be calibrated in place prior to any deliveries. The BLM Vernal Field Office Petroleum Engineers will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports shall be submitted to the BLM Vernal Field Office. All measurement facilities will conform to the API standards for liquid hydrocarbons and the AGA standards for natural gas measurement. All measurement points shall be identified as the point of sale or allocation for royalty purposes.
- A schematic facilities diagram as required by Onshore Oil & Gas Order No. 3 shall be submitted to the BLM Vernal Field Office within 30 days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with Onshore Oil & Gas Order No. 3.
- Any additional construction, reconstruction, or alterations of facilities, including roads, gathering lines, batteries, etc., which will result in the disturbance of new ground, shall require the filing of a suitable plan and need prior approval of the BLM Vernal Field Office. Emergency approval may be obtained orally, but such approval does not waive the written report requirement.
- No location shall be constructed or moved, no well shall be plugged, and no drilling or workover equipment shall be removed from a well to be placed in a suspended status without prior approval of the BLM Vernal Field Office. If operations are to be suspended for more than 30 days, prior approval of the BLM Vernal Field Office shall be obtained and notification given before resumption of operations.
- Pursuant to Onshore Oil & Gas Order No. 7, this is authorization for pit disposal of water produced from this well for a period of 90 days from the date of initial production. A permanent disposal method must be approved by this office and in operation prior to the end of this 90-day period. In order to meet this deadline, an application for the proposed permanent disposal method shall be submitted along with any necessary water analyses, as soon as possible, but no later than 45 days after the date of first production. Any method of disposal which has not been approved prior to the end of the authorized 90-day period will be considered as an Incident of Noncompliance and will be grounds for issuing a shut-in order until an acceptable manner for disposing of said water is provided and approved by this office.
- Unless the plugging is to take place immediately upon receipt of oral approval, the Field Office Petroleum Engineers must be notified at least 24 hours in advance of the plugging of the well, in order that a representative may witness plugging operations. If a well is suspended or abandoned, all pits must be fenced immediately until they are backfilled. The "Subsequent Report of Abandonment" (Form BLM 3160-5) must be submitted within 30 days after the actual plugging of the well bore, showing location of plugs, amount of cement in each, and amount of casing left in hole, and the current status of the surface restoration.



Well Name: Hoss 75-01

1/4 1/4: SW/SW Sec: 1 T: 9S R: 23E

API #: 43-047-38894 Lat: 40.059019 Long: -109.281194

County: Uintah State: Utah

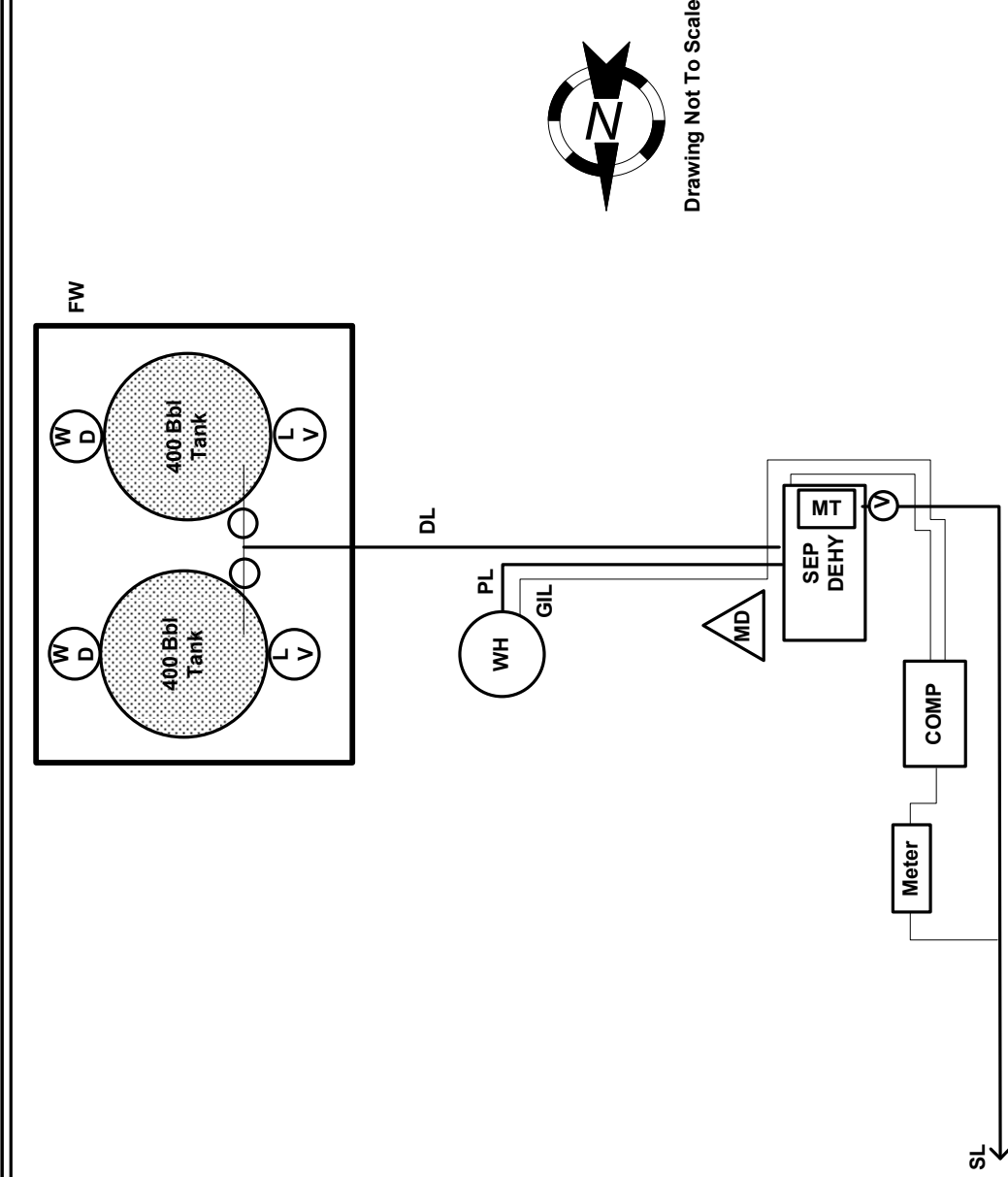
Lease: UTU-76043 Unit/PA#: N/A

Type of well: Gas

EOG Resources, Inc. site facility diagrams & site security plans are available electronically at all EOG Resources, Inc. offices. Normal business hours are 7:00am to 4:30pm MST.

Valve	Production Phase	Sales Phase	Water Drain
PV	O	SC	O
SV	SC	O	SC
WD	SC	SC	O

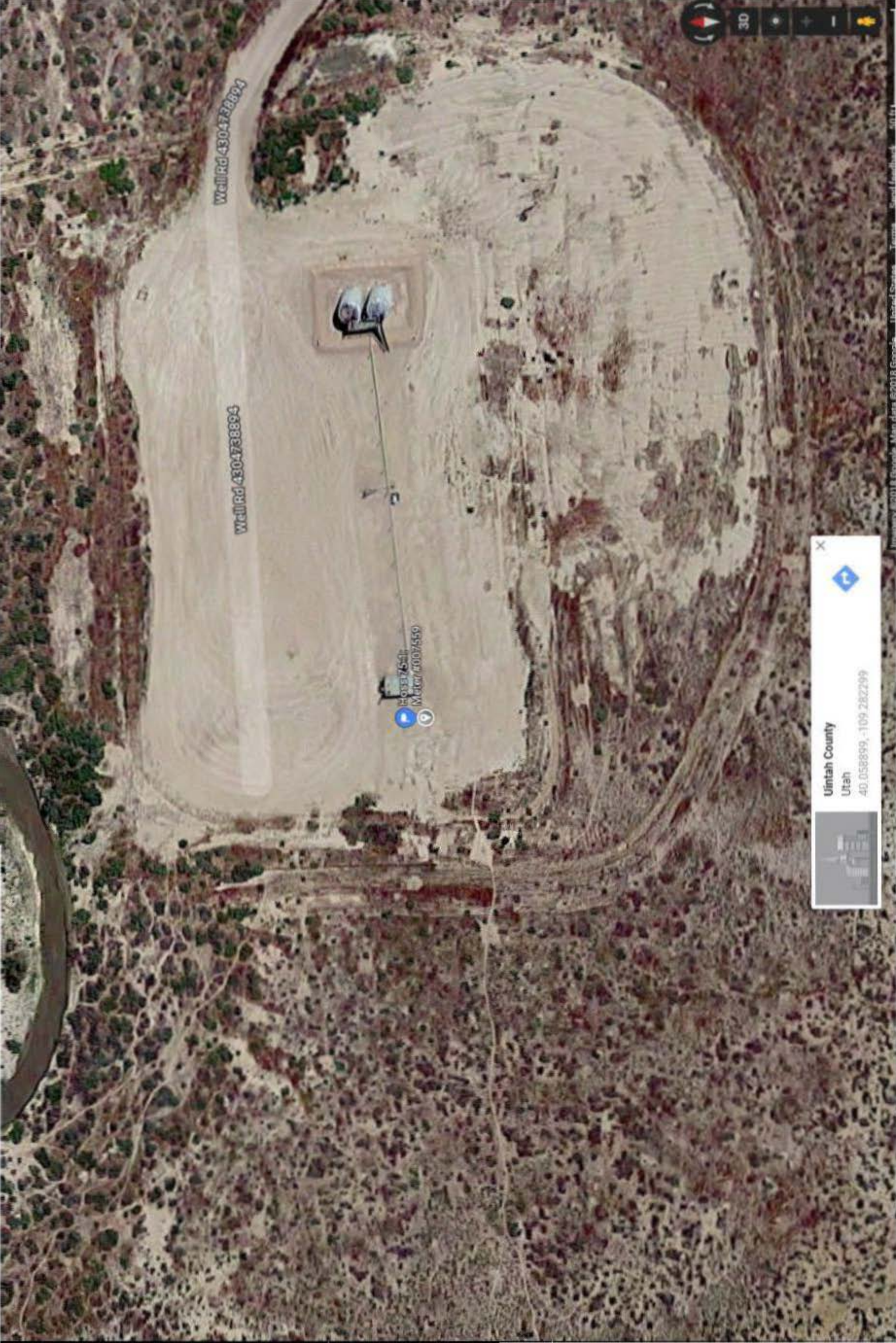
Revised: 05/04/2018



Abbreviations

AM = Allocation Meter
AR = Access Road
BP = Booster Pump
CHT = Chemical Tank
COM = Compressor
COMP = Compressor
CON = Condensate Tank
DH = Dehydrator
DL = Dump Line
EP = Electrical Panel
ET = Emergency Tank
FGS = Fuel Gas Scrubber
FT = Fiberglass Tub
FW = Firewall
GB = Gas Buster
GEN = Generator
GIL = Gas Injection Line
IM = Injection Meter
LACT = LACT Unit
LH = Line Heater
LV = Load Valve
MAN = Manifold
MB = Methanol Bath
MT = Meter Tube
MD = Meter Display
O = Open
OT = Oil Tank
PL = Production Line
PP = Power Pole
PT = Propane Tank
PU = Pumping Unit
PV = Production Valve
PW = Produced Water
RL = Recycle Line
RP = Recycle Pump
RV = Recycle Valve
SC = Sealed Closed
SGS = Sales Gas Scrubber
SL = Sales Line
SM = Sales Meter
SO = Sealed Open
SP = Separator
SV = Sales Valve
T = Treater
TP = Trace Pump
V = Valve
WD = Water Drain
WDP = Water Disposal Pump
WFP = Water Flood Pump
WH = Wellhead

----- = Buried Line
_____ = Unburied Line




Well Rd 4304738894

Well Rd 4304738894

Hot 37541
Meter #007559







Uintah County

Utah

40.058899, -109.282299



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
APPLICATION FOR PERMIT TO DRILL OR REENTER

NOV 28 2006

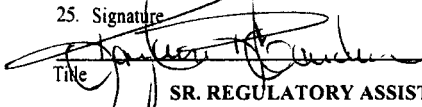
FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007


1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. UTU-76043
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator EOG RESOURCES, INC		7. If Unit or CA Agreement, Name and No.
3a. Address 1060 EAST HIGHWAY 40 VERNAL, UT 84078		8. Lease Name and Well No. HOSS 75-01
3b. Phone No. (include area code) 435-781-9111		9. API Well No. 43-047-38894
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 466 FSL 838 FWL SWSW 40.058986 LAT 109.281872 LON At proposed prod. zone SAME		10. Field and Pool, or Exploratory NATURAL BUTTES
14. Distance in miles and direction from nearest town or post office* 49.8 MILES SOUTH OF VERNAL, UTAH		11. Sec., T. R. M. or Blk. and Survey or Area SECTION 1, T9S, R23E S.L.B.&M
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 604 LEASE LINE 604 DRILLING LINE	16. No. of acres in lease 228	17. Spacing Unit dedicated to this well 36
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 4575	19. Proposed Depth 8700	20. BLM/BIA Bond No. on file NM 2308
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 4989 GL	22. Approximate date work will start*	23. Estimated duration 45 DAYS

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

- | | |
|--|---|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the BLM. |

25. Signature 	Name (Printed Typed) KAYLENE R. GARDNER	Date 11/27/2006
Title SR. REGULATORY ASSISTANT		

Approved by (Signature) 	Name (Printed Typed) JERRY KEWELS	Date 5-2-2007
Title Assistant Field Manager Lands & Mineral Resources		
Office VERNAL FIELD OFFICE		

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
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*(Instructions on page 2)

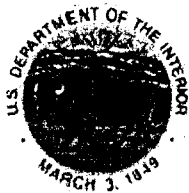
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MAY 14 2007

DIV. OF OIL, GAS & MINING

NOTICE OF APPROVAL

CONDITIONS OF APPROVAL ATTACHED



UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
VERNAL FIELD OFFICE

170 South 500 East

VERNAL, UT 84078

(435) 781-4400



CONDITIONS OF APPROVAL FOR APPLICATION FOR PERMIT TO DRILL

Company: EOG Resources Inc.
Well No: Hoss 75-01
API No: 43-047- 38894

Location: SWSW, Sec. 1, T9S, R23E
Lease No: UTU- 76043
Agreement: N/A

Title	Name	Office Phone Number	Cell Phone Number
Petroleum Engineer:	Matt Baker	(435) 781-4490	(435) 828-4470
Petroleum Engineer:	Michael Lee	(435) 781-4432	(435) 828-7875
Petroleum Engineer:	James Ashley	(435) 781-4470	(435) 828-7874
Petroleum Engineer:	Ryan Angus	(435) 781-4430	(435) 828-7368
Supervisory Petroleum Technician:	Jamie Sparger	(435) 781-4502	(435) 828-3913
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NRS/Enviro Scientist:	Darren Williams	(435) 781-4447	
NRS/Enviro Scientist:	Nathan Packer	(435) 781-3405	

Fax: (435) 781-4410

**A COPY OF THESE CONDITIONS SHALL BE FURNISHED TO YOUR
FIELD REPRESENTATIVE TO INSURE COMPLIANCE**

All lease and/or unit operations are to be conducted in such a manner that full compliance is made with the applicable laws, regulations (43 CFR Part 3160), and this approved Application for Permit to Drill including Surface and Downhole Conditions of Approval. The operator is considered fully responsible for the actions of his subcontractors. A copy of the approved APD must be on location during construction, drilling, and completion operations. **This permit is approved for a one-year period. An additional year extension may be applied for by sundry notice prior to expiration.**

NOTIFICATION REQUIREMENTS

Location Construction (Notify Environmental Scientist)	-	Forty-Eight (48) hours prior to construction of location and access roads.
Location Completion (Notify Environmental Scientist)	-	Prior to moving on the drilling rig.
Spud Notice (Notify Petroleum Engineer)	-	Twenty-Four (24) hours prior to spudding the well.
Casing String & Cementing (Notify Supv. Petroleum Tech.)	-	Twenty-Four (24) hours prior to running casing and cementing all casing strings.
BOP & Related Equipment Tests (Notify Supv. Petroleum Tech.)	-	Twenty-Four (24) hours prior to initiating pressure tests.
First Production Notice (Notify Petroleum Engineer)	-	Within Five (5) business days after new well begins or production resumes after well has been off production for more than ninety (90) days.

***SURFACE USE PROGRAM
CONDITIONS OF APPROVAL (COAs)***

Site Specific Conditions of Approval

- Within 90 calendar days of the approval date for this Application for Permit to Drill (APD), the operator/lessee shall submit to the Authorized Officer (AO), on Sundry Notice Form 3160-5, an Interim Surface Reclamation Plan for surface disturbance on well pads, access roads, and pipelines. At a minimum, this would include the reshaping of the pad to the original contour to the extent possible; the respreading of the top soil up to the rig anchor points; and, the area reseeded using appropriate reclamation methods. The AO will provide written approval or concurrence within 30 calendar days of receipt. During interim management of the surface, use the following seed mix:
 - 9 lbs of Hycrest Crested Wheatgrass and 3 lbs of Kochia Prostrata.
- If paleontological materials are uncovered during construction, the operator is to immediately stop work, and contact the Authorized Officer (AO). A report will be prepared by the Paleontologist and submitted to the BLM at the completion of surface disturbing activities.
- All the culverts would be installed according to the BLM Gold Book.
- The road and well pad will have road base on the surface.
- Bury pipeline at all low water crossings.
- Permission from an authorized BLM representative would be required if construction or other operations occur during wet conditions that would lead to excessive rutting.
- Permission to clear all wildlife stipulations would only be approved by the BLM wildlife biologist during the specific timing for the species potentially affected by this action.
- See the IRR for a complete list of conditions.

General Surface COA

- If there is an active Gilsonite mining operation within 2 miles of the well location, operator shall notify the Gilsonite operator at least 48 hours prior to any blasting during construction.
- If paleontological materials are uncovered during construction, the operator is to immediately stop work and contact the Authorized Officer (AO). A report will be prepared by a BLM permitted paleontologist and submitted to the AO at the completion of surface disturbing activities.

DOWNHOLE CONDITIONS OF APPROVAL

SITE SPECIFIC DOWNHOLE CONDITIONS OF APPROVAL

- A Cement Bond Log (CBL) shall be run in the production casing from the TD to the top of cement. A field copy of the CBL shall be submitted to the BLM Vernal Field Office for review.
- Variance Granted:
75 foot long blooie line approved.
- Commingling:
- Downhole commingling for the Wasatch-Mesaverde formations is approved. This approval can be rescinded at any time the Authorized Officer determines the commingling to be detrimental to the interest of the United States.

All provisions outlined in Onshore Oil & Gas Order #2 Drilling Operations shall be strictly adhered to. The following items are emphasized:

DRILLING/COMPLETION/PRODUCING OPERATING STANDARDS

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- No aggressive/fresh hard-banded drill pipe shall be used within casing.
- **Cement baskets shall not be run on surface casing.**
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- A complete set of angular deviation and directional surveys of a directional well will be submitted to the Vernal BLM office engineer within 30 days of the completion of the well.
- Chronologic drilling progress reports shall be filed directly with the BLM, Vernal Field Office on a weekly basis in sundry, letter format or e-mail to the Petroleum Engineers until the well is completed.
- A cement bond log (CBL) will be run from the production casing shoe to the top of cement and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.
- **Please submit an electronic copy of all other logs run on this well in LAS format to UT_VN_Welllogs@BLM.gov. This submission will supersede the requirement for submittal of paper logs to the BLM.**
- There shall be no deviation from the proposed drilling, completion, and/or workover program as approved. Safe drilling and operating practices must be observed. Any changes in operation must have prior approval from the BLM Vernal Field Office.

OPERATING REQUIREMENT REMINDERS:

- All wells, whether drilling, producing, suspended, or abandoned, shall be identified in accordance with 43 CFR 3162.6. There shall be a sign or marker with the name of the operator, lease serial number, well number, and surveyed description of the well.
- In accordance with 43 CFR 3162.4-3, this well shall be reported on the "Monthly Report of Operations" (Oil and Gas Operations Report ((OGOR)) starting with the month in which operations commence and continue each month until the well is physically plugged and abandoned. This report shall be filed in duplicate, directly with the Minerals Management Service, P.O. Box 17110, Denver, Colorado 80217-0110, or call 1-800-525-7922 (303) 231-3650 for reporting information.
- Should the well be successfully completed for production, the BLM Vernal Field office must be notified when it is placed in a producing status. Such notification will be by written communication and must be received in this office by not later than the fifth business day following the date on which the well is placed on production. The notification shall provide, as a minimum, the following informational items:
 - Operator name, address, and telephone number.
 - Well name and number.
 - Well location (¼¼, Sec., Twn, Rng, and P.M.).

- Date well was placed in a producing status (date of first production for which royalty will be paid).
- The nature of the well's production, (i.e., crude oil, or crude oil and casing head gas, or natural gas and entrained liquid hydrocarbons).
- The Federal or Indian lease prefix and number on which the well is located; otherwise the non-Federal or non-Indian land category, i.e., State or private.
- Unit agreement and/or participating area name and number, if applicable.
- Communitization agreement number, if applicable.
- Any venting or flaring of gas shall be done in accordance with Notice to Lessees (NTL) 4A and needs prior approval from the BLM Vernal Field Office.
- All undesirable events (fires, accidents, blowouts, spills, discharges) as specified in NTL 3A will be reported to the BLM, Vernal Field Office. Major events, as defined in NTL3A, shall be reported verbally within 24 hours, followed by a written report within 15 days. "Other than Major Events" will be reported in writing within 15 days. "Minor Events" will be reported on the Monthly Report of Operations and Production.
- Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (BLM Form 3160-4) shall be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3162.4-1. Two copies of all logs run, core descriptions, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, shall be filed on BLM Form 3160-4. Submit with the well completion report a geologic report including, at a minimum, formation tops, and a summary and conclusions. Also include deviation surveys, sample descriptions, strip logs, core data, drill stem test data, and results of production tests if performed. Samples (cuttings, fluid, and/or gas) shall be submitted only when requested by the BLM, Vernal Field Office.
- All off-lease storage, off-lease measurement, or commingling on-lease or off-lease, shall have prior written approval from the BLM Vernal Field Office.
- Oil and gas meters shall be calibrated in place prior to any deliveries. The BLM Vernal Field Office Petroleum Engineers will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports shall be submitted to the BLM Vernal Field Office. All measurement facilities will conform to the API standards for liquid hydrocarbons and the AGA standards for natural gas measurement. All measurement points shall be identified as the point of sale or allocation for royalty purposes.
- A schematic facilities diagram as required by Onshore Oil & Gas Order No. 3 shall be submitted to the BLM Vernal Field Office within 30 days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with Onshore Oil & Gas Order No. 3.
- Any additional construction, reconstruction, or alterations of facilities, including roads, gathering lines, batteries, etc., which will result in the disturbance of new ground, shall require the filing of

a suitable plan and need prior approval of the BLM Vernal Field Office. Emergency approval may be obtained orally, but such approval does not waive the written report requirement.

- No location shall be constructed or moved, no well shall be plugged, and no drilling or workover equipment shall be removed from a well to be placed in a suspended status without prior approval of the BLM Vernal Field Office. If operations are to be suspended for more than 30 days, prior approval of the BLM Vernal Field Office shall be obtained and notification given before resumption of operations.
- Pursuant to Onshore Oil & Gas Order No. 7, this is authorization for pit disposal of water produced from this well for a period of 90 days from the date of initial production. A permanent disposal method must be approved by this office and in operation prior to the end of this 90-day period. In order to meet this deadline, an application for the proposed permanent disposal method shall be submitted along with any necessary water analyses, as soon as possible, but no later than 45 days after the date of first production. Any method of disposal which has not been approved prior to the end of the authorized 90-day period will be considered as an Incident of Noncompliance and will be grounds for issuing a shut-in order until an acceptable manner for disposing of said water is provided and approved by this office.
- Unless the plugging is to take place immediately upon receipt of oral approval, the Field Office Petroleum Engineers must be notified at least 24 hours in advance of the plugging of the well, in order that a representative may witness plugging operations. If a well is suspended or abandoned, all pits must be fenced immediately until they are backfilled. The "Subsequent Report of Abandonment" (Form BLM 3160-5) must be submitted within 30 days after the actual plugging of the well bore, showing location of plugs, amount of cement in each, and amount of casing left in hole, and the current status of the surface restoration.

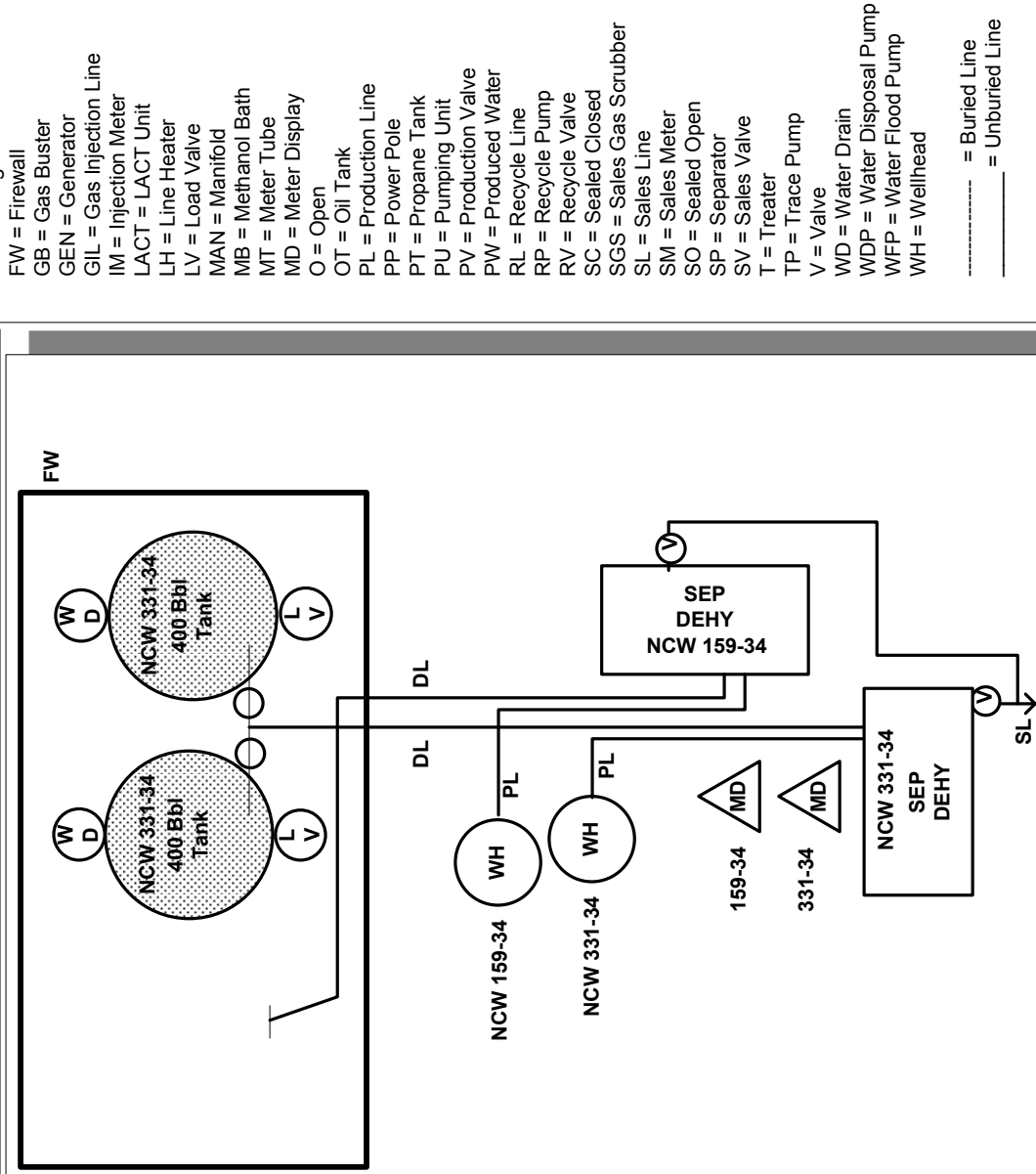


Well Name: NORTH CHAPITA 331-34
1/4 1/4: NE/NE Sec: 34 T:8S R:22E
API #: 43-047-38046 Lat: 40.085447 Long: -109.418372
County: UINTAH State: UTAH
Lease: UTU-43916 Unit/PA#: N/A
Type of well: Gas

EOG Resources, Inc. site
facility diagrams & site
security plans are available
electronically at all EOG
Resources, Inc. offices.
Normal business hours are
7:00am to 4:30pm MST.

Valve	Production Phase	Sales Phase	Water Drain
PV	O	SC	O
SV	SC	O	SC
WD	SC	SC	O

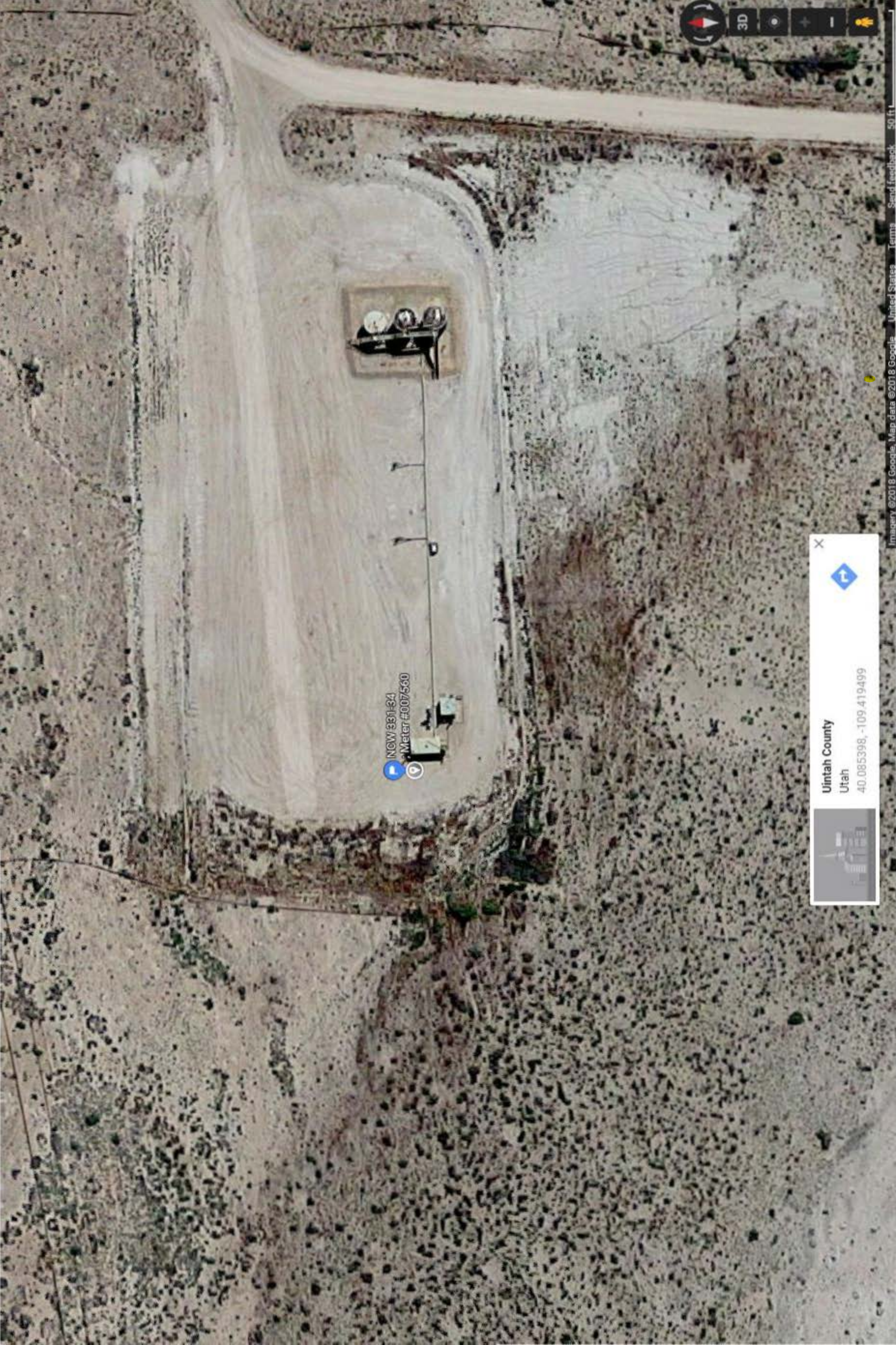
Revised: 06/23/2017



Abbreviations

AM = Allocation Meter
AR = Access Road
BP = Booster Pump
CHT = Chemical Tank
COM = Compressor
CON = Condenser
CT = Condensate Tank
DH = Dehydrator
DL = Dump Line
EP = Electrical Panel
ET = Emergency Tank
FGS = Fuel Gas Scrubber
FW = Firewell
GB = Gas Buster
GEN = Generator
GIL = Gas Injection Line
IM = Injection Meter
LACT = LACT Unit
LH = Line Heater
LV = Load Valve
MAN = Manifold
MB = Methanol Bath
MT = Meter Tube
MD = Meter Display
O = Open
OT = Oil Tank
PL = Production Line
PP = Power Pole
PT = Propane Tank
PU = Pumping Unit
PV = Production Valve
PW = Produced Water
RL = Recycle Line
RP = Recycle Pump
RV = Recycle Valve
SC = Sealed Closed
SGS = Sales Gas Scrubber
SL = Sales Line
SM = Sales Meter
SO = Sealed Open
SP = Separator
SV = Sales Valve
T = Treater
TP = Trace Pump
V = Valve
WD = Water Drain
WDP = Water Disposal Pump
WFP = Water Flood Pump
WH = Wellhead

----- = Buried Line
_____ = Unburied Line



NCW/331-34
Meter #007560



×



Uintah County
Utah
40.085398, -109.419499

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APR 24 2006

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007


APPLICATION FOR PERMIT TO DRILL OR REENTER

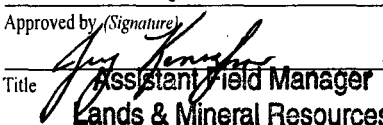
1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. U-43916
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator EOG RESOURCES, INC		7. If Unit or CA Agreement, Name and No.
3a. Address P.O. BOX 1815 VERNAL, UT 84078		8. Lease Name and Well No. NORTH CHAPITA 331-34
3b. Phone No. (include area code) 435-781-9111		9. API Well No. 43-047-38046
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 469 FNL 704 FEL (NE/NE) 40.085411 LAT 109.419056 LON At proposed prod. zone SAME		10. Field and Pool, or Exploratory NATURAL BUTTES
14. Distance in miles and direction from nearest town or post office* 19 MILES EAST OF OURAY, UTAH		11. Sec., T. R. M. or Blk. and Survey or Area SECTION 34, T8S, R22E S.L.B.&M
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 469'	16. No. of acres in lease 1360	17. Spacing Unit dedicated to this well 40 ACRES
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 3960'	19. Proposed Depth 10,125'	20. BLM/BIA Bond No. on file NM 2308
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 4797 GL	22. Approximate date work will start*	23. Estimated duration 45 DAYS

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

- | | |
|--|---|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the BLM. |

25. Signature 	Name (Printed Typed) KAYLENE R. GARDNER	Date 04/21/2006
--	--	--------------------

Approved by (Signature) 	Name (Printed/Typed) JERRY KENNERKA	Date 12-8-2006
Title Assistant Field Manager Lands & Mineral Resources	Office VERNAL FIELD OFFICE	

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached

CONDITIONS OF APPROVAL ATTACHED

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

NOTICE OF APPROVAL
RECEIVED

DEC 21 2006

DIV. OF OIL, GAS & MINING

06BM1389A

UDOGM



UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
VERNAL FIELD OFFICE

170 South 500 East VERNAL, UT 84078 (435) 781-4400



CONDITIONS OF APPROVAL FOR APPLICATION FOR PERMIT TO DRILL

Company: EOG Resources, Inc.
Well No: North Chapita 331-34
API No: 43-047-38046

Location: NENE, Sec 34, T8S, R22E
Lease No: UTU-43916
Agreement: N/A

Petroleum Engineer:	Matt Baker	Office: 435-781-4490	Cell: 435-828-4470
Petroleum Engineer:	Michael Lee	Office: 435-781-4432	Cell: 435-828-7875
Petroleum Engineer:	Jim Ashley	Office: 435-781-4470	
Supervisory Petroleum Technician:	Jamie Sparger	Office: 435-781-4502	Cell: 435-828-3913
Environmental Scientist:	Paul Buhler	Office: 435-781-4475	Cell: 435-828-4029
Environmental Scientist:	Karl Wright	Office: 435-781-4484	
Natural Resource Specialist:	Holly Villa	Office: 435-781-4404	
Natural Resource Specialist:	Melissa Hawk	Office: 435-781-4476	
Natural Resource Specialist:	Chuck MacDonald	Office: 435-781-4441	
Natural Resource Specialist:	Darren Williams	Office: 435-781-4447	
Natural Resource Specialist:	Scott Ackerman	Office: 435-781-4437	
After Hours Contact Number: 435-781-4513		Fax: 435-781-4410	

**A COPY OF THESE CONDITIONS SHALL BE FURNISHED TO YOUR
FIELD REPRESENTATIVE TO INSURE COMPLIANCE**

All lease and/or unit operations are to be conducted in such a manner that full compliance is made with the applicable laws, regulations (43 CFR Part 3160), and this approved Application for Permit to Drill including Surface and Downhole Conditions of Approval. The operator is considered fully responsible for the actions of his subcontractors. A copy of the approved APD must be on location during construction, drilling, and completion operations. **This permit is approved for a one-year period. An additional year extension may be applied for by sundry notice prior to expiration.**

NOTIFICATION REQUIREMENTS

- | | | |
|---|---|--|
| Location Construction
(Notify Paul Buhler) | - | Forty-Eight (48) hours prior to construction of location and access roads. |
| Location Completion
(Notify Paul Buhler) | - | Prior to moving on the drilling rig. |
| Spud Notice
(Notify Petroleum Engineer) | - | Twenty-Four (24) hours prior to spudding the well. |
| Casing String & Cementing
(Notify Jamie Sparger) | - | Twenty-Four (24) hours prior to running casing and cementing all casing strings. |
| BOP & Related Equipment Tests
(Notify Jamie Sparger) | - | Twenty-Four (24) hours prior to initiating pressure tests. |
| First Production Notice
(Notify Petroleum Engineer) | - | Within Five (5) business days after new well begins or production resumes after well has been off production for more than ninety (90) days. |

***SURFACE USE PROGRAM
CONDITIONS OF APPROVAL (COAs)***

1. Within 90 calendar days of the approval date for this Application for Permit to Drill (APD), the operator/lessee shall submit to the Authorized Officer (AO), on Sundry Notice Form 3160-5, an Interim Surface Reclamation Plan for surface disturbance on well pads, access roads, and pipelines. At a minimum, this will include the reshaping of the pad to the original contour to the extent possible; the respreading of the top soil up to the rig anchor points; and, the area reseeded using appropriate reclamation methods. The AO will provide written approval or concurrence within 30 calendar days of receipt. During interim management of the surface, use the following seed mix:

9 lbs of Hycrest Crested Wheatgrass and 3 lbs of Kochia Prostrata

2. If paleontological materials are uncovered during construction, the operator is to immediately stop work, and contact the Authorized Officer (AO). A report will be prepared by the Paleontologist and submitted to the BLM at the completion of surface disturbing activities.
3. Low profile tanks will be used.
4. Request that work over rig activity and general maintenance for this well occur only in cases of emergency between March 1 and July 15.

DOWNHOLE CONDITIONS OF APPROVAL

All provisions outlined in Onshore Oil & Gas Order #2 Drilling Operations shall be strictly adhered to. The following items are emphasized:

SITE SPECIFIC DOWNHOLE CONDITIONS OF APPROVAL

1. Production casing cement shall be brought up and into the surface casing. The minimum cement top is 200 ft above the surface casing shoe. To reach the annulus of the surface casing and production casing, operator is required to pump additional cement beyond the stated amounts of sacks in application.
2. A cement Bond Log (CBL) shall be run from the production casing shoe to the surface casing shoe. A field copy of the CBL shall be submitted to the BLM Vernal Field Office.

DRILLING/COMPLETION/PRODUCING OPERATING STANDARDS

1. There shall be no deviation from the proposed drilling, completion, and/or workover program as approved. Safe drilling and operating practices must be observed. All wells, whether drilling, producing, suspended, or abandoned, shall be identified in accordance with 43 CFR 3162.6. There shall be a sign or marker with the name of the operator, lease serial number, well number, and surveyed description of the well. Any changes in operation must have prior approval from the BLM, Vernal Field Office Petroleum Engineers.
2. The spud date and time shall be reported orally to Vernal Field Office within 24 hours of spudding.
3. **Notify Vernal Field Office Supervisory Petroleum Engineering Technician at least 24 hours in advance of casing cementing operations and BOPE & casing pressure tests.**
4. Blowout prevention equipment (BOPE) shall remain in use until the well is completed or abandoned. Closing unit controls shall remain unobstructed and readily accessible at all times. Choke manifolds shall be located outside of the rig substructure.

All BOPE components shall be inspected daily and those inspections shall be recorded in the daily drilling report. Components shall be operated and tested as required by Onshore Oil & Gas Order No. 2 to insure good mechanical working order. All BOPE pressure tests shall be performed by a test pump with a chart recorder and **NOT** by the rig pumps. Test shall be reported in the driller's log.

BOP drills shall be initially conducted by each drilling crew within 24 hours of drilling out from under the surface casing and weekly thereafter as specified in Onshore Oil & Gas Order No. 2.

Casing pressure tests are required before drilling out from under all casing strings set and cemented in place.

No aggressive/fresh hard-banded drill pipe shall be used within casing.

5. All shows of fresh water and minerals shall be reported and protected. A sample shall be taken of any water flows and a water analysis furnished the BLM, Vernal Field Office. All oil and gas shows shall be adequately tested for commercial possibilities, reported, and protected.
6. No location shall be constructed or moved, no well shall be plugged, and no drilling or workover equipment shall be removed from a well to be placed in a suspended status without prior approval of the BLM, Vernal Field Office. If operations are to be suspended for more than 30 days, prior approval of the BLM, Vernal Field Office shall be obtained and notification given before resumption of operations.
7. Chronologic drilling progress reports shall be filed directly with the BLM, Vernal Field Office on a weekly basis in sundry, letter format or e-mail to the Petroleum Engineers until the well is completed.

Any change in the program shall be approved by the BLM, Vernal Field Office. "Sundry Notices and Reports on Wells" (Form BLM 3160-5) shall be filed for all changes of plans and other operations in accordance with 43 CFR 3162.3-2.

Emergency approval may be obtained orally, but such approval does not waive the written report requirement. Any additional construction, reconstruction, or alterations of facilities, including roads, gathering lines, batteries, etc., which will result in the disturbance of new ground, shall require the filing of a suitable plan pursuant to Onshore Oil & Gas Order No. 1 of 43 CFR 3164.1 and prior approval by the BLM, Vernal Field Office.

In accordance with 43 CFR 3162.4-3, this well shall be reported on the "Monthly Report of Operations" (Oil and Gas Operations Report ((OGOR)) starting with the month in which operations commence and continue each month until the well is physically plugged and abandoned. This report shall be filed in duplicate, directly with the Minerals Management Service, P.O. Box 17110, Denver, Colorado 80217-0110, or call 1-800-525-7922 (303) 231-3650 for reporting information.

8. Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (BLM Form 3160-4) shall be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3162.4-1. Two copies of all logs run, core descriptions, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, shall be filed on BLM Form 3160-4. Submit with the well completion report a geologic report including, at a minimum, formation tops, and a summary and conclusions. Also include deviation surveys, sample descriptions, strip logs, core data, drill stem test data, and results of production tests if performed. Samples (cuttings, fluid, and/or gas) shall be submitted only when requested by the BLM, Vernal Field Office.

A cement bond log (CBL) will be run from the production casing shoe to the surface casing shoe and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.

Please submit an electronic copy of all other logs run on this well in LAS format to UT_VN_Wellogs@BLM.gov. This submission will supersede the requirement for submittal of paper logs to the BLM.

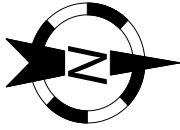
9. All off-lease storage, off-lease measurement, or commingling on-lease or off-lease shall have prior written approval from the BLM, Vernal Field Office.

All measurement points shall be identified as point of sales or allocation for royalty determination prior to the installation of facilities.
10. Oil and gas meters shall be calibrated in place prior to any deliveries. The Field Office Petroleum Engineers will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports shall be submitted to the BLM, Vernal Field Office. All measurement facilities will conform to the API standards for liquid hydrocarbons and the AGA standards for natural gas measurement.
11. A schematic facilities diagram as required by Onshore Oil & Gas Order No. 3 shall be submitted to the BLM, Vernal Field Office within 30 days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with Onshore Oil & Gas Order No. 3.
12. This APD is approved subject to the requirement that, should the well be successfully completed for production, the BLM, Vernal Field office must be notified when it is placed in a producing status. Such notification will be by written communication and must be received in this office by not later than the fifth business day following the date on which the well is placed on production. The notification shall provide, as a minimum, the following informational items:
 - a. Operator name, address, and telephone number.
 - b. Well name and number.
 - c. Well location (1/4, Sec., Twn, Rng, and P.M.).
 - d. Date well was placed in a producing status (date of first production for which royalty will be paid).
 - e. The nature of the well's production, (i.e., crude oil, or crude oil and casing head gas, or natural gas and entrained liquid hydrocarbons).
 - f. The Federal or Indian lease prefix and number on which the well is located; otherwise the non-Federal or non-Indian land category, i.e., State or private.
 - g. Unit agreement and / or participating area name and number, if applicable.
 - h. Communitization agreement number, if applicable.

13. Any venting or flaring of gas shall be done in accordance with Notice to Lessees (NTL) 4A and needs prior approval from Field Office Petroleum Engineers.
14. All undesirable events (fires, accidents, blowouts, spills, discharges) as specified in NTL 3A will be reported to the BLM, Vernal Field Office. Major events as defined in NTL3A, shall be reported verbally within 24 hours, followed by a written report within 15 days. "Other than Major Events" will be reported in writing within 15 days. "Minor Events" will be reported on the Monthly Report of Operations and Production
15. Pursuant to Onshore Oil & Gas Order No. 7, this is authorization for pit disposal of water produced from this well for a period of 90 days from the date of initial production. A permanent disposal method must be approved by this office and in operation prior to the end of this 90-day period. In order to meet this deadline, an application for the proposed permanent disposal method shall be submitted along with any necessary water analyses, as soon as possible, but no later than 45 days after the date of first production. Any method of disposal which has not been approved prior to the end of the authorized 90-day period will be considered as an Incident of Noncompliance and will be grounds for issuing a shut-in order until an acceptable manner for disposing of said water is provided and approved by this office.
16. Unless the plugging is to take place immediately upon receipt of oral approval, the Field Office Petroleum Engineers must be notified at least 24 hours in advance of the plugging of the well, in order that a representative may witness plugging operations. If a well is suspended or abandoned, all pits must be fenced immediately until they are backfilled. The "Subsequent Report of Abandonment" (Form BLM 3160-5) must be submitted within 30 days after the actual plugging of the well bore, showing location of plugs, amount of cement in each, and amount of casing left in hole, and the current status of the surface restoration.



Well Name: NORTH DUCK CREEK 248-29
1/4 1/4:NE/SW Sec: 29 T:8S R:21E
County: UNTAH State: UTAH
Lease: UTU-24230
Well Type: Oil: Gas: X Disposal:



Site facility diagrams & site security plans are located at the Vernal office in Vernal, Utah. The office is located at 1060 East Hwy 40 and normal business hours are 7:00 a.m. to 4:30 p.m. Mon -Thurs and 7:00 a.m. to 1:00 p.m. Fridays.

Valve Phase Production Phase Sales Phase Water Drain

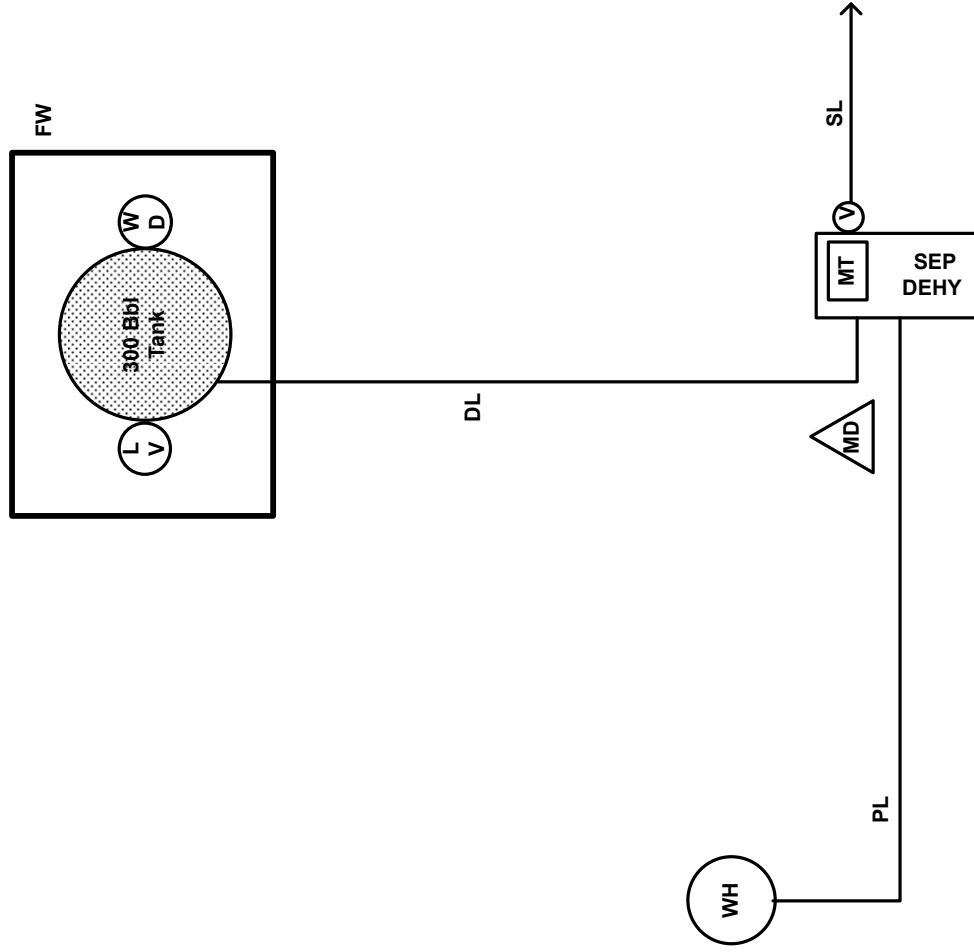
PV	O	SC	SC
LV	SC	O	SC
WD	SC	SC	O

Date: 08/05/2010

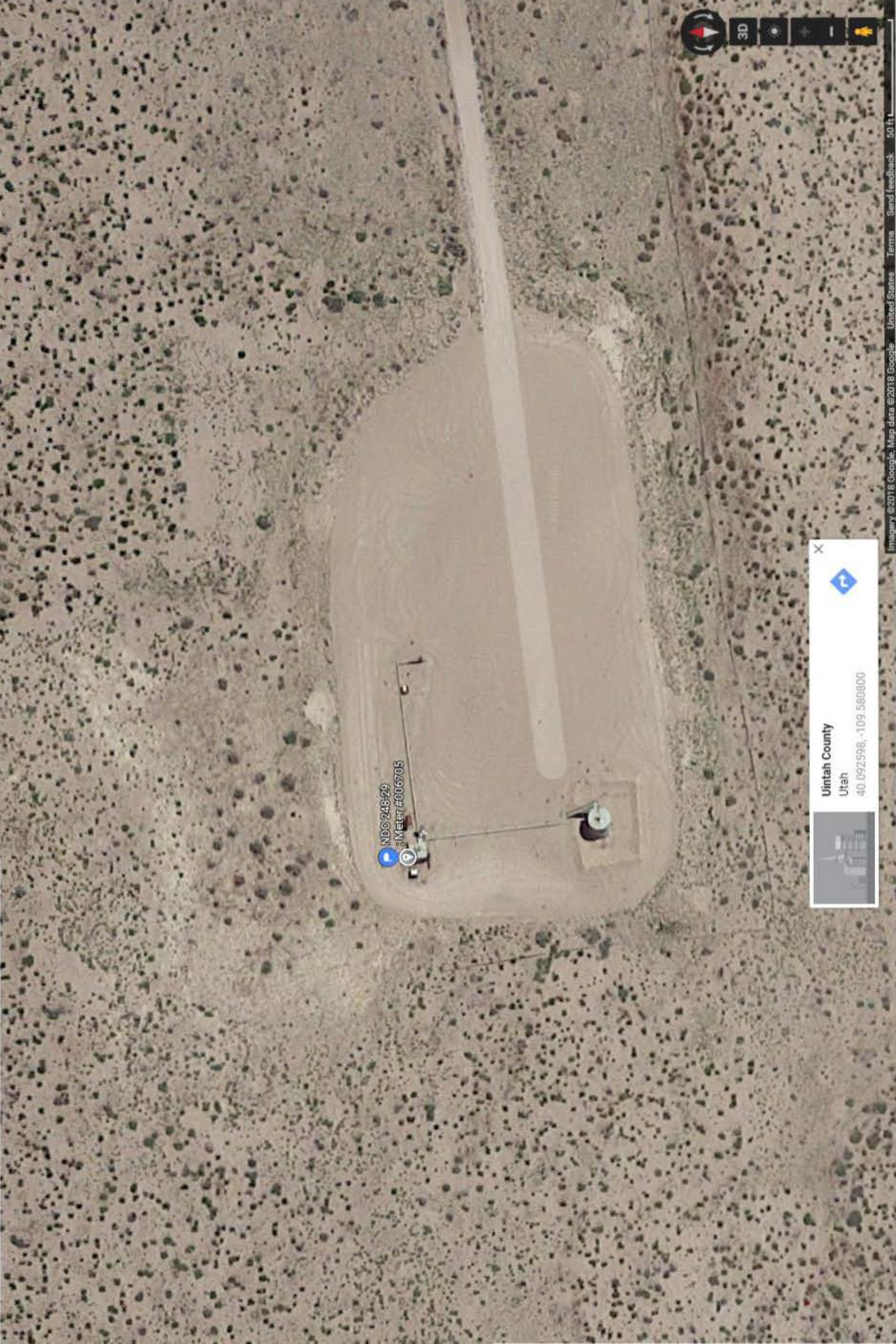
Abbreviations

AM = Allocation Meter
AR = Access Road
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CHT = Chemical Tank
COM = Combuster
COMP = Compressor
CON = Condensor
CT = Condensate Tank
DH = Dehydrator
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ET = Emergency Tank
FGS = Fuel Gas Scrubber
FT = Fiberglass Tub
FW = Firewall
GB = Gas Buster
GEN = Generator
LACT = LACT Unit
LH = Line Heater
LV = Load Valve
MAN = Manifold
MB = Methanol Bath
MT = Meter Tube
MD = Meter Display
O = Open
OT = Oil Tank
PIGL = Pig Launcher
PIGR = Pig Receiver
PL = Production Line
PP = Power Pole
PT = Propane Tank
PU = Pumping Unit
PV = Production Valve
PW = Produced Water
RL = Recycle Line
RP = Recycle Pump
RV = Recycle Valve
SC = Sealed Closed
SGS = Sales Gas Scrubber
SL = Sales Line
SM = Sales Meter
SO = Sealed Open
SP = Separator
SV = Sales Valve
T = Treater
TP = Trace Pump
V = Valve
WD = Water Drain
WDP = Water Disposal Pump
WFP = Water Flood Pump
WH = Wellhead

----- = Buried Line
_____ = Unburied Line



AR



NDC 248-29
Meter #006705

X

Uintah County
Utah
40.092598, -109.580800

006

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: ☒ DRILL

☐ REENTER

FEB - 3 2004

1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other

☐ Single Zone ☒ Multiple Zone

2. Name of Operator
EOG RESOURCES, INC.

3a. Address **P.O. BOX 1815
VERNAL, UT 84078**

3b. Phone No. (Include area code)
(435)789-0790

4. Location of Well (Report location clearly and in accordance with any State requirements. *)

At surface **2118' FSL, 1977' FWL**

NE/SW

At proposed prod. Zone

14. Distance in miles and direction from nearest town or post office*
6.45 MILES SOUTHEAST OF OURAY, UTAH

15. Distance from proposed*
location to nearest
property or lease line, ft. **1977'**
(Also to nearest drig. Unit line, if any)

16. No. of Acres in lease
1556

18. Distance from proposed location*
to nearest well, drilling, completed,
applied for, on this lease, ft. See Topo Map C

19. Proposed Depth
7679'

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
4734.5 FEET GRADED GROUND

22. Approximate date work will start*
UPON APPROVAL

23. Estimated duration
45 DAYS

24. Attachments

Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

1. Well plat certified by a registered surveyor.

2. A Drilling Plan.

3. A Surface Use Plan (if the location is on National Forest System Lands, the
SUPO shall be filed with the appropriate Forest Service Office).

4. Bond to cover the operations unless covered by an existing bond on file
(see Item 20 above).

5. Operator certification.

6. Such other site specific information and/or plans as may be required
by the authorized officer.

25. Signature

Ed Trotter

Name (Printed/Typed)
Ed Trotter

Date

2-2-2004

Title

Agent

RECEIVED

Approved by (Signature)

Howard B. Leary

Name (Printed/Typed)

AUG 02 2004

Date

07/22/2004

Title

**Assistant Field Manager
Mineral Resources**

Office

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of Approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on reverse)

NOTICE OF APPROVAL

CONDITIONS OF APPROVAL ATTACHED

CONDITIONS OF APPROVAL
APPLICATION FOR PERMIT TO DRILL

Company/Operator: EOG Resources Inc.
Well Name & Number: NORTH DUCK CREEK 248-29
API Number: 43-047-35478
Lease Number: UTU – 24230
Location: NESW Sec. 29 TWN: 08S RNG: 21E
Agreement: N/A

For more specific details on notification requirements, please check the Conditions of Approval for Notice to Drill and Surface Use Program.

CONDITIONS OF APPROVAL FOR NOTICE TO DRILL

Approval of this application does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Submit an electronic copy of all logs run on this well in LAS format. This submission will replace the requirement for submittal of paper logs to the BLM.

Be aware fire restrictions may be in effect when location is being constructed and/or when well is being drilled. Contact the appropriate Surface Management Agency for information.

A. DRILLING PROGRAM

1. Estimated Depth at Which Oil, Gas, Water, or Other Mineral Bearing Zones are Expected to be Encountered

Report ALL water shows and water-bearing sands to this office prior to setting the next casing string or requesting plugging orders. Faxed copies of State of Utah form OGC-8-X are acceptable. If noticeable water flows are detected, submit samples to this office along with any water analyses conducted.

All usable water and prospectively valuable minerals (as described by BLM at onsite) encountered during drilling will be recorded by depth and adequately protected. All oil and gas shows will be tested to determine commercial potential.

2. Pressure Control Equipment

The BOP and related equipment shall meet the minimum requirements of Onshore Oil and Gas Order No. 2 for equipment and testing requirements, procedures, etc., for a **3M** system and individual components shall be operable as designed. Chart recorders shall be used for all pressure tests.

Test charts, with individual test results identified, shall be maintained on location while drilling and shall be made available to a BLM representative upon request.

If an air compressor is on location and is being utilized to provide air for the drilling medium while drilling, the special drilling requirements in Onshore Oil and Gas Order No. 2, regarding air or gas drilling shall be adhered to. If a mist system is being utilized then the requirement for a deduster shall be waived.

3. Casing Program and Auxiliary Equipment

Surface casing shall have centralizers on the bottom three joints, with a minimum of one centralizer per joint. Surface casing setting depths are based on ground level elevations only.

As a minimum, the usable water shall be isolated and/or protected by having a cement top for the production casing at least 200 ft. above the Green River Formation, identified at 2,230 ft. If gilsonite is encountered while drilling, it shall be isolated and/or protected via the cementing program.

4. Mud Program and Circulating Medium

Hazardous substances specifically listed by the EPA as a hazardous waste or demonstrating a characteristic of a hazardous waste will not be used in drilling, testing, or completion operations.

No chromate additives will be used in the mud system on Federal and Indian lands without prior BLM approval to ensure adequate protection of fresh water aquifers.

5. Coring, Logging and Testing Program

Daily drilling and completion progress reports shall be submitted to this office on a weekly basis.

All Drill Stem tests (DST) shall be accomplished during daylight hours, unless specific approval to start during other hours is obtained from the AO. However, DSTs may be allowed to continue at night if the test was initiated during daylight hours and the rate of flow is stabilized and if adequate lighting is available (i.e., lighting which is adequate for visibility and vapor proof for safe operations). Packers can be released, but tripping should not begin before daylight unless prior approval is obtained from the AO.

A cement bond log (CBL) will be run from the production casing shoe to top of the cement and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.

Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3164. Two copies of all logs, core descriptions, core analyses, well-test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. Samples (cuttings, fluids, and/or gases) will be submitted when requested by the AO.

6. Notifications of Operations

No location will be constructed or moved, no well will be plugged, and no drilling or workover equipment will be removed from a well to be placed in a suspended status without prior approval of the AO. If operations are to be suspended, prior approval of the AO will be obtained and notification given before resumption of operations.

Operator shall report production data to MMS pursuant to 30 CFR 216.5 using form MMS/3160.

Immediate Report: Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be promptly reported in accordance with the requirements of NTL-3A or its revision.

If a replacement rig is contemplated for completion operations, a "Sundry Notice" (Form 3160-5) to that effect will be filed, for prior approval of the AO, and all conditions of this approved plan are applicable during all operations conducted with the replacement rig. The date on which production is commenced or resumed will be construed for oil wells as the date on which liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which liquid hydrocarbons are first produced into a permanent storage facility, whichever first occurs; and, for gas wells as the date on which associated liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which gas is first measured through permanent metering facilities, whichever first occurs.

Should the well be successfully completed for production, the AO will be notified when the well is placed in a producing status. Such notification will be sent by telegram or other written communication, not later than five (5) days following the date on which the well is placed on production.

Gas produced from this well may not be vented or flared beyond an initial authorized test period of 30 days or 50 MMCF following its completion, whichever occurs first, without the prior written approval of the Authorized Officer. Should gas be vented or flared without approval beyond the authorized test period, the operator may be directed to shut-in the well until the gas can be captured or approval to continue venting or flaring as uneconomic is granted and the operator shall be required to compensate the lessor for that portion of the gas vented or flared without approval which is determined to have been avoidably lost.

A schematic facilities diagram as required by 43 CFR 3162.7-5(d) shall be submitted to the appropriate Field Office within 60 days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with 43 CFR 3162.7-5 (1).

No well abandonment operations will be commenced without the prior approval of the AO. In the case of newly drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the AO. A "Subsequent Report of Abandonment" Form 3160-5, will be filed with the AO within thirty (30) days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the AO or his representative, or the appropriate Surface Managing Agency.

7. Other Information

All loading lines will be placed inside the berm surrounding the tank battery.
All off-lease storage, off-lease measurement, or commingling on-lease or off-lease will have prior written approval from the AO.

The oil and gas measurement facilities will be installed on the well location. The oil and gas meters will be calibrated in place prior to any deliveries and tested for meter accuracy at least quarterly thereafter. The AO will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports will be submitted to the Vernal District Office.

All meter measurement facilities will conform with Onshore Oil & Gas Order No. 4 for liquid hydrocarbons and Onshore Oil & Gas Order No. 5 for natural gas measurement.

The use of materials under BLM jurisdiction will conform to 43 CFR 3610.2-3.

There will be no deviation from the proposed drilling and/or workover program without prior approval from the AO. Safe drilling and operating practices must be observed. All wells, whether drilling, producing, suspended, or abandoned will be identified in accordance with 43 CFR 3162.

"Sundry Notice and Report on Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3162.3-2.

Section 102(b)(3) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3162.4-1(c), requires that "not later than the 5th business day after any well begins production on which royalty is due anywhere on a lease site or allocated to a lease site, or resumes production in the case of a well which has been off production for more than 90 days, the operator shall notify the authorized officer by letter or sundry notice, Form 3160-5, or orally to be followed by a letter or sundry notice, of the date on which such production has begun or resumed."

If you fail to comply with this requirement in the manner and time allowed, you shall be liable for a civil penalty of up to \$10,000 per violation for each day such violation continues, not to exceed a maximum of 20 days. See Section 109(c)(3) of the Federal Oil and Gas Royalty Management Act of 1982 and the implementing regulations at Title 43 CFR 3162.4-1(b)(5)(ii).

APD approval is valid for a period of one (1) year from the signature date. An extension period may be granted, if requested, prior to the expiration of the original approval period.

In the event after-hours approvals are necessary, you must contact one of the following individuals:

Ed Forsman (435) 828-7874
Petroleum Engineer

Kirk Fleetwood (435) 828-7875
Petroleum Engineer

BLM FAX Machine (435) 781-4410

EPA'S LIST OF NONEXEMPT EXPLORATION AND PRODUCTION WASTES

While the following wastes are nonexempt, they are not necessarily hazardous.

Unused fracturing fluids or acids

Gas plant cooling tower cleaning wastes

Painting wastes

Oil and gas service company wastes, such as empty drums, drum rinsate, vacuum truck rinsate, sandblast media, painting wastes, spent solvents, spilled chemicals, and waste acids

Vacuum truck and drum rinsate from trucks and drums, transporting or containing nonexempt waste

Refinery wastes

Liquid and solid wastes generated by crude oil and tank bottom reclaimers

Used equipment lubrication oils

Waste compressor oil, filters, and blowdown

Used hydraulic fluids

Waste solvents

Waste in transportation pipeline-related pits

Caustic or acid cleaners

Boiler cleaning wastes

Boiler refractory bricks

Incinerator ash

Laboratory wastes

Sanitary wastes

Pesticide wastes

Radioactive tracer wastes

Drums, insulation and miscellaneous solids

**SURFACE USE PROGRAM
CONDITIONS OF APPROVAL (COAs)**

EOG Resources, Inc. (EOG) will assure the Ute Tribe that any/all contractors and subcontractors have acquired a current Tribal Business License and have updated "Access Permits" prior to construction. All EOG personnel, contractors and subcontractors will have these permits in their vehicles at all times. Companies that have not complied with this COA will be in violation of the Ute Tribal Business License Ordinance, and will be subject to fines and penalties.

EOG employees, representatives, and/or authorized personnel (subcontractors) shall not carry firearms on their person or in their vehicles while working on the Uintah and Ouray Indian Reservation.

EOG employees and/or authorized personnel (subcontractors) in the field will have approved applicable APDs and/or ROW permits/authorizations on their person(s) during all phases of construction.

EOG will notify the Ute Tribe and Bureau of Indian Affairs (BIA) in writing of any requested modification of APDs or Rights-Of Way (ROW). EOG shall receive written notification of authorization or denial of the requested modification. Without authorization, EOG will be subject to fines and penalties.

The Ute Tribe Energy & Minerals Department shall be notified in writing 48 hours in advance of any construction activity. The Ute Tribal office is open Monday through Thursday. A Tribal Technician is to routinely monitor construction. EOG shall make arrangements with the Ute Energy & Minerals Department for all monitoring that will exceed regular working hours for Tribal Technicians. A qualified archaeologist accompanied by a Tribal Technician will monitor any trenching construction of the pipeline.

A ROW, 30 feet wide and 1365 feet long, shall be granted by BIA for the new access road. A corridor ROW, 30 feet wide and 933 feet long, shall be granted for the pipeline construction. The constructed, travel width of the access road will be limited to 18 feet. Upon authorization by the Ute Tribe Energy & Minerals Department, the ROW may be wider where sharp curves; deep cuts and fills occur; or, where intersections with other roads are required.

Culverts and diversion ditches will be placed and constructed where needed. Road base gravel will be used where sandy soils make roadways and the drilling location hazardous for access or drilling operations.

Upon completion of the pertinent APD and ROWs, EOG will notify the Ute Tribe Energy & Minerals Department for a Tribal Technician to verify the Affidavit of Completion.

Production waters, oil, and other byproducts shall not be placed on access roads or the well pad.

All vehicular traffic, personnel movement, construction and restoration operations will be confined to the areas examined and approved and to the existing roadways and/or evaluated access routes.

EOG will implement "Safety and Emergency Plan" and ensure plan compliance.

EOG shall stop construction activities and notify personnel from the Ute Tribe Energy & Minerals Department and BIA if cultural remains including paleontology resources (vertebrate fossils) are exposed or identified during construction. The Ute Tribe Department of Cultural Rights and Protection and the BIA will provide mitigation measures prior to allowing construction.

EOG employees and/or authorized personnel (subcontractors) will not be allowed to collect artifacts and paleontology fossils. No significant cultural resources shall be disturbed.

EOG will control noxious weeds on the well site and ROWs. EOG will be responsible for noxious weed control if weeds spread from the project area onto adjoining land.

Reserve pits will be lined with an impervious synthetic liner. A fence will be constructed around the reserve pit until it is backfilled. Prior to backfilling the reserve pit, all fluids will be pumped from the pit into trucks and hauled, to approved disposal sites. When the reserve pits are backfilled, the surplus oil and mud, etc., will be buried a minimum of 3 feet below the surface of the soil.

A closed system will be used during production. This means that production fluids will be contained in leak-proof tanks. All production fluids will be disposed of at approved disposal sites.

Surface pipelines will be constructed to lay on the soil surface. The pipeline portion of the ROW will not be bladed or cleared of vegetation without authorization of the BIA. Surface pipelines shall be welded in place at well sites or on access roads. They shall be pulled into place and assembled with suitable equipment. Vehicles shall not use pipeline ROWs as access roads unless specifically authorized.

Buried pipelines shall be buried a minimum of 3 feet below the soil surface. After construction is completed the disturbed area shall be contoured to blend into the natural landscape and be reseeded between September 15 and November 1 of the year following construction with perennial vegetation seed mixture provided by the BIA or Ute Tribe.

Before the site is abandoned, EOG will be required to restore the well site and ROWs to near their original state. The disturbed areas will be reseeded with desirable perennial vegetation.

Soil erosion will be mitigated, by reseeding all disturbed areas.

EXHIBIT G

EOG Resources, Inc.
Utah Royalty Measurement Points
Sample Leases - Exhibit F

Meter ID #	Well Name	Mineral Owner per Land	BLM FMP - Gas	Company	MMS Lease #	Quarter/Quarter	Section	Township	Range	County	State	GPS Latitude	GPS Longitude
006835	CWU 913-24	Federal	Yes	Andeavor	892000905BF	NE SW	24	9S	22E	Uintah	UT	40.0204	-109.391523
007779	ECW 51-35	Federal	Yes	Andeavor	UTU0344	NW NW	35	9S	23E	Uintah	UT	39.9976	-109.300265
007559	Hoss 75-1	Federal	Yes	Andeavor	UTU76043	SW NW	1	9S	23E	Uintah	UT	40.0589	-109.282258
007560	NCW 331-34	Federal	Yes	Andeavor	UTU43916	NE NE	34	8S	22E	Uintah	UT	40.0854	-109.419469
006705	NDC 248-29	Federal	Yes	Andeavor	UTU24230	NE SW	29	8S	21E	Uintah	UT	40.0926	-109.580776